

PRICEWATERHOUSECOOPERS LLP
125 HIGH STREET
BOSTON, MA 02110

INSTRUCTIONS FOR FILING
LAWRENCE & MEMORIAL HOSPITAL
FORM 8453-EO - EXEMPT ORG. DECLARATION & SIGNATURE FOR E-FILING
FOR THE PERIOD ENDED SEPTEMBER 30, 2012

SIGNATURE...

THE ORIGINAL FORM 8453-EO SHOULD BE SIGNED (USE FULL NAME) AND
DATED BY THE TAXPAYER.

FILING...

RETURN YOUR SIGNED FORM 8453-EO DECLARATION TO:

PRICEWATERHOUSECOOPERS LLP
125 HIGH STREET
BOSTON MA 02110

PAYMENT OF TAX...

NO PAYMENT OF TAX IS REQUIRED.

DO NOT SEPARATELY FILE FORM 990 WITH THE INTERNAL REVENUE SERVICE.
DOING SO WILL DELAY THE PROCESSING OF YOUR RETURN.

WE MUST RECEIVE YOUR SIGNED FORM BEFORE WE CAN ELECTRONICALLY
TRANSMIT YOUR RETURN WHICH IS DUE ON AUGUST 15, 2013. WE
WOULD APPRECIATE YOUR RETURNING THIS FORM AS SOON AS POSSIBLE
AS THIS WILL EXPEDITE THE PROCESSING OF YOUR RETURN. THE INTERNAL
REVENUE SERVICE WILL NOTIFY US WHEN YOUR RETURN IS ACCEPTED.
YOUR RETURN IS NOT CONSIDERED FILED UNTIL THE INTERNAL REVENUE
SERVICE CONFIRMS THEIR ACCEPTANCE, WHICH MAY OCCUR AFTER THE DUE
DATE OF YOUR RETURN.

Exempt Organization Declaration and Signature for Electronic Filing

For calendar year 2011, or tax year beginning 10/01, 2011, and ending 09/30, 2012

2011

For use with Forms 990, 990-EZ, 990-PF, 1120-POL, and 8868

▶ See instructions on back.

Department of the Treasury
Internal Revenue Service

Name of exempt organization

Employer identification number

LAWRENCE & MEMORIAL HOSPITAL

06-0646704

Part I Type of Return and Return Information (Whole Dollars Only)

Check the box for the type of return being filed with Form 8453-EO and enter the applicable amount, if any, from the return. If you check the box on line 1a, 2a, 3a, 4a, or 5a below and the amount on that line of the return being filed with this form was blank, then leave line 1b, 2b, 3b, 4b, or 5b, whichever is applicable, blank (do not enter -0-). If you entered -0- on the return, then enter -0- on the applicable line below. Do not complete more than one line in Part I.

1a	Form 990 check here	▶ <input checked="" type="checkbox"/>	b	Total revenue, if any (Form 990, Part VIII, column (A), line 12) . . .	1b	<u>344571725.</u>
2a	Form 990-EZ check here	▶ <input type="checkbox"/>	b	Total revenue, if any (Form 990-EZ, line 9)	2b	
3a	Form 1120-POL check here	▶ <input type="checkbox"/>	b	Total tax (Form 1120-POL, line 22)	3b	
4a	Form 990-PF check here	▶ <input type="checkbox"/>	b	Tax based on investment income (Form 990-PF, Part VI, line 5)	4b	
5a	Form 8868 check here	▶ <input type="checkbox"/>	b	Balance due (Form 8868, Part I, line 3c or Part II, line 8c)	5b	

Part II Declaration of Officer

6 I authorize the U.S. Treasury and its designated Financial Agent to initiate an Automated Clearing House (ACH) electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.

If a copy of this return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I certify that I executed the electronic disclosure consent contained within this return allowing disclosure by the IRS of this Form 990/990-EZ/990-PF (as specifically identified in Part I above) to the selected state agency(ies).

Under penalties of perjury, I declare that I am an officer of the above named organization and that I have examined a copy of the organization's 2011 electronic return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund.

Sign Here

Eugene A. Ryan
Signature of officer

9-30-13
Date

CEO
Title

Part III Declaration of Electronic Return Originator (ERO) and Paid Preparer (see instructions)

I declare that I have reviewed the above organization's return and that the entries on Form 8453-EO are complete and correct to the best of my knowledge. If I am only a collector, I am not responsible for reviewing the return and only declare that this form accurately reflects the data on the return. The organization officer will have signed this form before I submit the return. I will give the officer a copy of all forms and information to be filed with the IRS, and have followed all other requirements in Pub. 4163, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns. If I am also the Paid Preparer, under penalties of perjury I declare that I have examined the above organization's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. This Paid Preparer declaration is based on all information of which I have any knowledge.

ERO's Use Only	ERO's signature	<i>[Signature]</i>	Date	<u>8-13-13</u>	Check if also paid preparer	<input checked="" type="checkbox"/>	Check if self-employed	<input type="checkbox"/>	ERO's SSN or PTIN	<u>P00641463</u>
	Firm's name (or yours if self-employed), address, and ZIP code	<u>PRICEWATERHOUSECOOPERS LLP</u>			EIN		<u>13-4008324</u>			
		<u>125 HIGH STREET</u>							<u>BOSTON MA 02110</u>	
									Phone no. <u>617-530-5000</u>	

Under penalties of perjury, I declare that I have examined the above return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer is based on all information of which the preparer has any knowledge.

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name				
	Firm's address	Firm's EIN ▶ Phone no.			

Return of Organization Exempt From Income Tax

2011

Department of the Treasury
Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Open to Public Inspection

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2011 calendar year, or tax year beginning 10/01, 2011, and ending 09/30, 2012

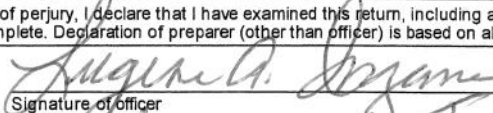
B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization LAWRENCE & MEMORIAL HOSPITAL		D Employer identification number 06-0646704
	Doing Business As		E Telephone number (860) 442-0711
	Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	G Gross receipts \$ 350,891,428.
	365 MONTAUK AVENUE City or town, state or country, and ZIP + 4 NEW LONDON, CT 06320		
F Name and address of principal officer: BRUCE CUMMINGS 365 MONTAUK AVENUE NEW LONDON, CT 06320		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions)	
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		H(c) Group exemption number ▶	
J Website: ▶ WWW.LMHOSPITAL.ORG		L Year of formation: 1912 M State of legal domicile: CT	
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶			

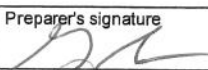
Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: TO IMPROVE THE HEALTH OF THE REGION.		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	18.
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	11.
5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	2,727.	
6 Total number of volunteers (estimate if necessary)	6	314.	
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	2,439,310.	
b Net unrelated business taxable income from Form 990-T, line 34	7b	-867,514.	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	937,909.	810,082.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	331,763,213.	336,259,109.
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	7,251,547.	5,333,151.
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,980,952.	2,169,383.
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	341,933,621.	344,571,725.
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	0	0
	16a Professional fundraising fees (Part IX, column (A), line 11e)	182,672,132.	187,431,350.
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ 1,200,476.	199,040.	77,139.
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	131,486,920.	130,687,909.
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	314,358,092.	318,196,398.
19 Revenue less expenses. Subtract line 18 from line 12	27,575,529.	26,375,327.	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21 Total liabilities (Part X, line 26)	353,189,046.	368,182,035.
	22 Net assets or fund balances. Subtract line 21 from line 20.	187,408,373.	198,186,413.
		165,780,673.	169,995,622.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here		9-30-13
	LUGENE A. INZANA, CFO	Date
	Type or print name and title	

Paid Preparer Use Only	Print/Type preparer's name GWEN SPENCER	Preparer's signature 	Date 8-13-13	Check <input type="checkbox"/> if self-employed	PTIN P00641463
	Firm's name ▶ PRICEWATERHOUSECOOPERS LLP	Firm's EIN ▶ 13-4008324			
	Firm's address ▶ 125 HIGH STREET BOSTON, MA 02110	Phone no. 617-530-5000			

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

For Paperwork Reduction Act Notice, see the separate instructions. Form **990** (2011)



Department of the Treasury
Internal Revenue Service
Ogden UT 84201

For assistance, call:
1-877-829-5500
FAX 801-620-5670

Notice Number: CP211A
Date: June 24, 2013

Taxpayer Identification Number:
06-0646704

Tax Form: 990

Tax Period: September 30, 2012

021503.196930.0083.002 1 AB 0.384 373



LAWRENCE AND MEMORIAL HOSPITAL INC
365 MONTAUK AVE
NEW LONDON CT 06320-4700



21503

APPLICATION FOR EXTENSION OF TIME TO FILE AN EXEMPT ORGANIZATION RETURN - APPROVED

We received and approved your Form 8868, Application for Extension of Time to File an Exempt Organization Return, for the return (form) and tax period identified above. Your extended due date to file your return is **August 15, 2013**.

When it's time to file your Form 990, 990-EZ, 990-PF or 1120-POL, you should consider filing electronically. Electronic filing is the fastest, easiest and most accurate way to file your return. For more information, visit the Charities and Nonprofit web at www.irs.gov/eo. This site will provide information about:

- The type of returns that can be filed electronically,
- approved e-File providers, and
- if you are required to file electronically.

If you have any questions, please call us at the number shown above, or you may write us at the address shown at the top of this letter.

- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** and check this box **X**.
- Note.** Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.
- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** (on page 1).

Part II Additional (Not Automatic) 3-Month Extension of Time. Only file the original (no copies needed).

Type or print <small>File by the due date for filing your return. See instructions.</small>	Name of exempt organization or other filer, see instructions.		Enter filer's identifying number, see instructions	
	LAWRENCE & MEMORIAL HOSPITAL		Employer identification number (EIN) or	
	Number, street, and room or suite no. If a P.O. box, see instructions.		<input checked="" type="checkbox"/> 06-0646704	
365 MONTAUK AVENUE		Social security number (SSN)		
City, town or post office, state, and ZIP code. For a foreign address, see instructions.				
NEW LONDON, CT 06320				

Enter the Return code for the return that this application is for (file a separate application for each return) 0 1

Application Is For	Return Code	Application Is For	Return Code
Form 990	01		
Form 990-BL	02	Form 1041-A	
Form 990-EZ	01	Form 4720	08
Form 990-PF	04	Form 5227	09
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	10
Form 990-T (trust other than above)	06	Form 8870	11
			12

STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- The books are in the care of LUGENE INZANA, Telephone No. 860 442-0711 FAX No.
- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for.

4 I request an additional 3-month extension of time until 08/15, 2013

5 For calendar year , or other tax year beginning 10/01, 20 11, and ending 09/30, 20 12

6 If the tax year entered in line 5 is for less than 12 months, check reason: Initial return Final return Change in accounting period

7 State in detail why you need the extension ADDITIONAL TIME IS NEEDED TO FILE AND COMPLETE AN ACCURATE RETURN.

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	8a \$
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.	8b \$
c Balance Due. Subtract line 8b from line 8a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	8c \$

Signature and Verification must be completed for Part II only.

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature [Signature] Title CPA Date 4/30/13

Application for Extension of Time To File an Exempt Organization Return

► **File a separate application for each return.**

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box
- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Electronic filing (e-file). You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit www.irs.gov/efile and click on *e-file for Charities & Nonprofits*.

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete Part I only

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Type or print

File by the due date for filing your return. See instructions.

Name of exempt organization or other filer, see instructions. LAWRENCE & MEMORIAL HOSPITAL	Enter filer's identifying number, see instructions Employer identification number (EIN) or <input checked="" type="checkbox"/> 06-0646704
Number, street, and room or suite no. If a P.O. box, see instructions. 365 MONTAUK AVENUE	Social security number (SSN) <input type="checkbox"/>
City, town or post office, state, and ZIP code. For a foreign address, see instructions. NEW LONDON, CT 06320	

Enter the Return code for the return that this application is for (file a separate application for each return) 0 1

Application Is For	Return Code	Application Is For	Return Code
Form 990	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	01	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

- The books are in the care of ► **LUGENE INZANA**

Telephone No. ► **860 442-0711**

FAX No. ►

- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ . If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for.

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until **05/15**, 20 **13**, to file the exempt organization return for the organization named above. The extension is for the organization's return for:

► calendar year 20 ____ or

► tax year beginning **10/01**, 20**11**, and ending **09/30**, 20 **12**.

2 If the tax year entered in line 1 is for less than 12 months, check reason: Initial return Final return Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a \$
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b \$
c Balance due. Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c \$

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III X

1 Briefly describe the organization's mission:

TO IMPROVE THE HEALTH OF THE REGION.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 237,334,956. including grants of \$) (Revenue \$ 336,231,688.)

SEE SCHEDULE O

4b (Code:) (Expenses \$ 941,021. including grants of \$) (Revenue \$ 27,421.)

EDUCATIONAL PROGRAMS

4c (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services (Describe in Schedule O.)

(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses ▶ 238,275,977.

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	X	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?	X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I		X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	X	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III		X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III		X
9 Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV		X
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V	X	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI	X	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII		X
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII		X
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX	X	
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X	X	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X		X
12 a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII		X
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional	X	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		X
14 a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	X	
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	X	
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III		X
20 a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H	X	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	X	

Part IV Checklist of Required Schedules (continued)

	Yes	No
21 Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II.</i>		X
22 Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III.</i>		X
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J.</i>	X	
24 a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25.</i>	X	
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		X
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		X
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		X
25 a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I.</i>		X
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I.</i>		X
26 Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II.</i>		X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III.</i>		X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV.</i>		X
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV.</i>		X
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV.</i>	X	
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M.</i>		X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M.</i>		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I.</i>		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II.</i>		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I.</i>		X
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1.</i>	X	
35 a Did the organization have a controlled entity within the meaning of section 512(b)(13)?	X	
b Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2.</i>	X	
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2.</i>		X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI.</i>		X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O.	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V.

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	X	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return		
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	X	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	X	
3b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	X	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	X	
	If "Yes," enter the name of the foreign country: ► NETHERLANDS See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
5c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?		X
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7 Organizations that may receive deductible contributions under section 170(c).			
7a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	X	
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	X	
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
7d	If "Yes," indicate the number of Forms 8282 filed during the year		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		X
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
9 Sponsoring organizations maintaining donor advised funds.			
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10 Section 501(c)(7) organizations. Enter:			
10a	Initiation fees and capital contributions included on Part VIII, line 12		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
11 Section 501(c)(12) organizations. Enter:			
11a	Gross income from members or shareholders		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year		
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
13a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.		
13b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans		
13c	Enter the amount of reserves on hand		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		X
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O		

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response to any question in this Part VI [X]

Section A. Governing Body and Management

Table with 4 columns: Question, Line Number, Yes, No. Rows include questions about voting members, family relationships, management delegation, governance changes, asset diversions, members/stockholders, meeting documentation, and officer reachability.

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

Table with 4 columns: Question, Line Number, Yes, No. Rows include questions about local chapters, written policies, Form 990 distribution, conflict of interest policy, whistleblower policy, document retention, compensation review, and joint venture investments.

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed
18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization:

JSA LUGENE INZANA, 365 MONTAUK AVENUE, NEW LONDON, CT 06320 860-442-0711

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response to any question in this Part VII X

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
ATTACHMENT 1										
(1) JAY E. ALLEN, DMD DIRECTOR	2.00	X					0	0	0	
(2) ULYSSES B. HAMMOND CHAIRMAN	2.00	X		X			0	0	0	
(3) R. ALAN HUNTER DIRECTOR	2.00	X					0	0	0	
(4) ROBERT KELTNER, MD DIRECTOR	2.00	X					89,908.	0	0	
(5) MARILYNN MALERBA SECRETARY	2.00	X		X			0	0	0	
(6) GRANVILLE MORRIS VICE CHAIRMAN	2.00	X		X			0	0	0	
(7) LEON J. OLIVIER DIRECTOR	2.00	X					0	0	0	
(8) TONI HOOVER, PH.D. DIRECTOR	2.00	X					0	0	0	
(9) FRED A. CONTI, CPA TREASURER	2.00	X		X			0	0	0	
(10) KATHLEEN STEAMER, CPA DIRECTOR	2.00	X					0	0	0	
(11) CAROL O. RIDGEWAY DIRECTOR	2.00	X					0	0	0	
(12) SCOTT D. BATES DIRECTOR	2.00	X					0	0	0	
(13) MARY ELLEN JUKOSKI, EDD DIRECTOR	2.00	X					0	0	0	
(14) BRUCE D. CUMMINGS PRESIDENT / CEO	33.25	X		X			630,226.	0	87,791.	

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
15) HENRY AMDUR, MD PAST PRESIDENT, MEDICAL STAFF	2.00	X		X			193,562.	47,079.	0	
16) DONALD J. FELITTO, MD PRESIDENT, MEDICAL STAFF	2.00	X		X			19,575.	0	0	
17) DAVID F. REISFELD, MD VP, MED STAFF (AS OF 12/14/11)	2.00	X		X			4,050.	290,822.	30,958.	
18) B. MICHAEL RAUH, JR. DIRECTOR (AS OF 12/14/11)	2.00	X					0	0	0	
19) LUGENE INZANA VP CHIEF FINANCIAL OFFICER	34.00			X			361,583.	0	35,986.	
20) ATTORNEY MAUREEN ANDERSON ASSISTANT SECRETARY	36.00			X			266,829.	0	31,820.	
21) WILLIAM STANLEY VP DEV & COMMUNITY RELATIONS	40.00				X		209,182.	0	30,698.	
22) DANIEL RISSI VP CHIEF MEDICAL OFFICER	36.00				X		409,841.	0	25,540.	
23) KIMBERLY KALAJAINEN VP CHIEF INFORMATION OFFICER	38.00				X		229,479.	0	36,730.	
24) CRISTA DURAND VP STRATEGIC PLANNING/MKTG	40.00				X		286,429.	0	31,820.	
25) LAUREN WILLIAMS VP PATIENT CARE SERVICES	40.00				X		261,971.	0	17,672.	
1 b Sub-total							720,134.	0	87,791.	
c Total from continuation sheets to Part VII, Section A							4,216,786.	337,901.	396,868.	
d Total (add lines 1b and 1c)							4,936,920.	337,901.	484,659.	

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **161**

- 3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual
- 4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual
- 5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person

	Yes	No
3	X	
4	X	
5		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
ATTACHMENT 2		

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization **23**

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(26) PAMELA KANE VP PHYSICIANS PRACTICE	0				X			215,581.	0	30,872.
(27) MICHAEL ALPER MEDICAL DIRECTOR/PHYSICIAN	40.00				X			177,648.	0	23,983.
(28) RICHARD PAPATONIO EMERGENCY ROOM PHYSICIAN	40.00				X			172,508.	0	6,900.
(29) GARTH BALLANTYNE CHAIRMAN DEPT OF SURGERY	40.00				X			809,573.	0	15,740.
(30) GERALDINE RUFFA MEDICAL DIRECTOR, PHYSICIAN	40.00				X			228,249.	0	30,256.
(31) SHARON BROWN GENERAL STAFF NURSE-ED	40.00				X			169,624.	0	15,480.
(32) PETER FRASER FORMER VP CHIEF HR OFFICER	40.00					X		201,102.	0	32,413.

1b Sub-total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)										

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **▶** 161

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	X	
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization **▶**

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1 a Federated campaigns	1 a				
	b Membership dues	1 b				
	c Fundraising events	1 c				
	d Related organizations	1 d				
	e Government grants (contributions)	1 e	648,416.			
	f All other contributions, gifts, grants, and similar amounts not included above	1 f	161,666.			
	g Noncash contributions included in lines 1a-1f: \$					
	h Total. Add lines 1a-1f			810,082.		
Program Service Revenue	2 a NET PATIENT SERVICES	Business Code				
		900099	323,643,197.	323,643,197.		
	b LAB TESTING - ORR	900099	2,274,122.		2,274,122.	
	c EMPLOYEE ASSISTANCE PROGRAM	900099	165,188.		165,188.	
	d PARAMEDIC SERVICES	900099	2,431,896.	2,431,896.		
	e OTHER PROGRAM SERVICE REVENUE	900099	7,744,706.	7,744,706.		
	f All other program service revenue					
g Total. Add lines 2a-2f			336,259,109.			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		4,941,664.			4,941,664.
	4 Income from investment of tax-exempt bond proceeds		0			
	5 Royalties		0			
		(i) Real (ii) Personal				
	6 a Gross rents	1,092,885.				
	b Less: rental expenses					
	c Rental income or (loss)	1,092,885.				
	d Net rental income or (loss)		1,092,885.			1,092,885.
		(i) Securities (ii) Other				
	7 a Gross amount from sales of assets other than inventory	6,698,380.	12,810.			
	b Less: cost or other basis and sales expenses	6,308,574.	11,129.			
	c Gain or (loss)	389,806.	1,681.			
	d Net gain or (loss)			391,487.		391,487.
	8 a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	a				
	b Less: direct expenses	b				
	c Net income or (loss) from fundraising events			0		
	9 a Gross income from gaming activities. See Part IV, line 19	a				
b Less: direct expenses	b					
c Net income or (loss) from gaming activities			0			
10 a Gross sales of inventory, less returns and allowances	a					
b Less: cost of goods sold	b					
c Net income or (loss) from sales of inventory			0			
Miscellaneous Revenue		Business Code				
11 a DINING ROOM	900099	1,076,498.			1,076,498.	
b _____						
c _____						
d All other revenue						
e Total. Add lines 11a-11d			1,076,498.			
12 Total revenue. See instructions			344,571,725.	333,819,799.	2,439,310.	7,502,534.

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Check if Schedule O contains a response to any question in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21	0			
2 Grants and other assistance to individuals in the United States. See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	3,628,517.		3,360,763.	267,754.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	142,085,512.	111,108,670.	30,732,919.	243,923.
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	3,995,946.	3,052,566.	936,679.	6,701.
9 Other employee benefits	27,377,617.	20,914,187.	6,417,516.	45,914.
10 Payroll taxes	10,343,758.	7,901,758.	2,424,653.	17,347.
11 Fees for services (non-employees):				
a Management	0			
b Legal	0			
c Accounting	1,226,133.	4,132.	1,222,001.	
d Lobbying	0			
e Professional fundraising services. See Part IV, line 17	77,139.			77,139.
f Investment management fees	0			
g Other	4,357,773.	3,906,718.	451,055.	
12 Advertising and promotion	0			
13 Office expenses	6,387,388.	4,635,865.	1,697,156.	54,367.
14 Information technology	3,824,351.	667,938.	3,148,609.	7,804.
15 Royalties	0			
16 Occupancy	3,795,807.	153,741.	3,642,066.	
17 Travel	645,453.	233,164.	410,438.	1,851.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	0			
20 Interest	2,315,992.	2,315,992.		
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	18,825,589.	11,350,927.	7,474,267.	395.
23 Insurance	5,011,190.	5,011,190.		
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a <u>PURCHASED SVCS</u>	20,945,003.	9,493,571.	11,428,452.	22,980.
b <u>MEDICAL & SURGICAL</u>	39,550,779.	39,260,642.	285,480.	4,657.
c <u>EQUIP RENTAL & MAINTENANCE</u>	8,046,553.	5,551,428.	2,495,125.	
d <u>BAD DEBTS</u>	11,930,619.	11,930,619.		
e All other expenses	3,825,279.	782,869.	2,592,766.	449,644.
25 Total functional expenses. Add lines 1 through 24e	318,196,398.	238,275,977.	78,719,945.	1,200,476.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)	0			

Part X Balance Sheet

		(A) Beginning of year		(B) End of year		
Assets	1	Cash - non-interest-bearing	0	1	0	
	2	Savings and temporary cash investments	40,113,126.	2	13,749,443.	
	3	Pledges and grants receivable, net	20,328.	3	20,366.	
	4	Accounts receivable, net	28,744,360.	4	27,406,867.	
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	0	5	0	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions)	0	6	0	
	7	Notes and loans receivable, net	574,684.	7	639,609.	
	8	Inventories for sale or use	4,528,017.	8	4,469,470.	
	9	Prepaid expenses and deferred charges	1,739,804.	9	2,004,576.	
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	359,636,544.		
	b	Less: accumulated depreciation	10b	224,709,996.	10c	134,926,548.
	11	Investments - publicly traded securities	131,544,880.	11	155,656,275.	
	12	Investments - other securities. See Part IV, line 11	5,607,933.	12	6,451,420.	
	13	Investments - program-related. See Part IV, line 11	0	13	0	
	14	Intangible assets	0	14	0	
	15	Other assets. See Part IV, line 11	19,339,053.	15	22,857,461.	
16	Total assets. Add lines 1 through 15 (must equal line 34)	353,189,046.	16	368,182,035.		
Liabilities	17	Accounts payable and accrued expenses	34,792,940.	17	38,902,181.	
	18	Grants payable	0	18	0	
	19	Deferred revenue	0	19	0	
	20	Tax-exempt bond liabilities	82,335,373.	20	79,493,826.	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D	0	21	0	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L	0	22	0	
	23	Secured mortgages and notes payable to unrelated third parties	0	23	0	
	24	Unsecured notes and loans payable to unrelated third parties	0	24	0	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	70,280,060.	25	79,790,406.	
	26	Total liabilities. Add lines 17 through 25	187,408,373.	26	198,186,413.	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets	142,478,037.	27	144,038,576.	
	28	Temporarily restricted net assets	17,792,779.	28	20,092,239.	
	29	Permanently restricted net assets	5,509,857.	29	5,864,807.	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds		30		
	31	Paid-in or capital surplus, or land, building, or equipment fund		31		
	32	Retained earnings, endowment, accumulated income, or other funds		32		
33	Total net assets or fund balances	165,780,673.	33	169,995,622.		
34	Total liabilities and net assets/fund balances.	353,189,046.	34	368,182,035.		

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	344,571,725.
2	Total expenses (must equal Part IX, column (A), line 25)	2	318,196,398.
3	Revenue less expenses. Subtract line 2 from line 1	3	26,375,327.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	165,780,673.
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-22,160,378.
6	Net assets or fund balances at end of year. Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	169,995,622.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII

		Yes	No
1	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		X
2b	Were the organization's financial statements audited by an independent accountant?	X	
2c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		X
3b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

SCHEDULE A
(Form 990 or 990-EZ)

Public Charity Status and Public Support

OMB No. 1545-0047

2011

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

Name of the organization

LAWRENCE & MEMORIAL HOSPITAL

Employer identification number

06-0646704

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2 A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E.)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8 A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 10 An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h.

a Type I b Type II c Type III - Functionally integrated d Type III - Other

e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).

f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box.

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

- (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?
- (ii) A family member of a person described in (i) above?
- (iii) A 35% controlled entity of a person described in (i) or (ii) above?

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

h Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(v) Did you notify the organization in col. (i) of your support?		(vi) Is the organization in col. (i) organized in the U.S.?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
Total									

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2011

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi) (Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Table with 7 columns: (a) 2007, (b) 2008, (c) 2009, (d) 2010, (e) 2011, (f) Total. Rows include: 1 Gifts, grants, contributions, and membership fees received; 2 Tax revenues levied for the organization's benefit; 3 The value of services or facilities furnished by a governmental unit; 4 Total. Add lines 1 through 3; 5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f); 6 Public support. Subtract line 5 from line 4.

Section B. Total Support

Table with 7 columns: (a) 2007, (b) 2008, (c) 2009, (d) 2010, (e) 2011, (f) Total. Rows include: 7 Amounts from line 4; 8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources; 9 Net income from unrelated business activities, whether or not the business is regularly carried on; 10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.); 11 Total support. Add lines 7 through 10; 12 Gross receipts from related activities, etc. (see instructions); 13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here.

Section C. Computation of Public Support Percentage

Table with 3 columns: Line number, Description, and Percentage. Rows include: 14 Public support percentage for 2011 (line 6, column (f) divided by line 11, column (f)); 15 Public support percentage from 2010 Schedule A, Part II, line 14; 16a 33 1/3% support test - 2011; 16b 33 1/3% support test - 2010; 17a 10%-facts-and-circumstances test - 2011; 17b 10%-facts-and-circumstances test - 2010; 18 Private foundation.

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ▶ <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2011 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2011 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests - 2011. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶

b 33 1/3% support tests - 2010. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶

Part IV **Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

SCHEDULE C
(Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No. 1545-0047

2011

Open to Public Inspection

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.

▶ See separate instructions.

Department of the Treasury
Internal Revenue Service

If the organization answered "Yes" to Form 990, Part IV, line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations: Complete Parts I-A and B. Do not complete Part I-C.
- Section 501(c) (other than section 501(c)(3)) organizations: Complete Parts I-A and C below. Do not complete Part I-B.
- Section 527 organizations: Complete Part I-A only.

If the organization answered "Yes" to Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)): Complete Part II-A. Do not complete Part II-B.
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)): Complete Part II-B. Do not complete Part II-A.

If the organization answered "Yes" to Form 990, Part IV, line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35c (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations: Complete Part III.

Name of organization LAWRENCE & MEMORIAL HOSPITAL	Employer identification number 06-0646704
--	--

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

- 1 Provide a description of the organization's direct and indirect political campaign activities in Part IV.
- 2 Political expenditures ▶ \$ _____
- 3 Volunteer hours _____

Part I-B Complete if the organization is exempt under section 501(c)(3).

- 1 Enter the amount of any excise tax incurred by the organization under section 4955. ▶ \$ _____
- 2 Enter the amount of any excise tax incurred by organization managers under section 4955 . . . ▶ \$ _____
- 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? Yes No
- 4a Was a correction made? Yes No
- b If "Yes," describe in Part IV.

Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3).

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ \$ _____
- 2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ▶ \$ _____
- 3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b ▶ \$ _____
- 4 Did the filing organization file Form 1120-POL for this year? Yes No
- 5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds. If none, enter -0-.	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-.
(1)	-----			
(2)	-----			
(3)	-----			
(4)	-----			
(5)	-----			
(6)	-----			

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ. Schedule C (Form 990 or 990-EZ) 2011

Part II-A Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).

- A Check if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures).
- B Check if the filing organization checked box A and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1 a	Total lobbying expenditures to influence public opinion (grass roots lobbying)														
b	Total lobbying expenditures to influence a legislative body (direct lobbying)														
c	Total lobbying expenditures (add lines 1a and 1b)														
d	Other exempt purpose expenditures														
e	Total exempt purpose expenditures (add lines 1c and 1d)														
f	Lobbying nontaxable amount. Enter the amount from the following table in both columns.														
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">If the amount on line 1e, column (a) or (b) is:</th> <th>The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e.</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000.</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000.</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000.</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000.</td> </tr> </tbody> </table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e.	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.	Over \$17,000,000	\$1,000,000.		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e.														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.														
Over \$17,000,000	\$1,000,000.														
g	Grassroots nontaxable amount (enter 25% of line 1f)														
h	Subtract line 1g from line 1a. If zero or less, enter -0-														
i	Subtract line 1f from line 1c. If zero or less, enter -0-														
j	If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No												

4-Year Averaging Period Under Section 501(h)
 (Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2 a	Lobbying nontaxable amount				
b	Lobbying ceiling amount (150% of line 2a, column (e))				
c	Total lobbying expenditures				
d	Grassroots nontaxable amount				
e	Grassroots ceiling amount (150% of line 2d, column (e))				
f	Grassroots lobbying expenditures				

Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

Table with columns (a) Yes/No and (b) Amount. Rows include: 1. During the year, did the filing organization attempt to influence foreign, national, state or local legislation... 2a. Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?

Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

Table with columns Yes/No. Rows include: 1. Were substantially all (90% or more) dues received nondeductible by members? 2. Did the organization make only in-house lobbying expenditures of \$2,000 or less? 3. Did the organization agree to carry over lobbying and political expenditures from the prior year?

Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No" OR (b) Part III-A, line 3, is answered "Yes."

Table with columns 1-5. Rows include: 1. Dues, assessments and similar amounts from members 2. Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; Part II-A; and Part II-B, line 1. Also, complete this part for any additional information.

SEE PAGE 4

Part IV Supplemental Information (continued)

LOBBYING ACTIVITIES

SCHEDULE C, PART II-B, LINE 1

THE ORGANIZATION PAYS MEMBERSHIP DUES TO THE CONNECTICUT HOSPITAL ASSOCIATION WHICH LOBBIES ON BEHALF OF ITS MEMBER ORGANIZATIONS. THESE LOBBYING ACTIVITIES ARE DEFINED AS CHA STAFF COMMUNICATION WITH THE FEDERAL AND STATE GOVERNMENTS TO INFLUENCE LEGISLATION.

THE ORGANIZATION PAYS MEMBERSHIP DUES TO MEMBER ORGANIZATIONS WHICH MAY ENGAGE IN LOBBYING ACTIVITIES. THEREFORE, A PORTION OF THE DUES MAY BE ATTRIBUTABLE TO LOBBYING ACTIVITIES.

SCHEDULE D (Form 990)

Supplemental Financial Statements

OMB No. 1545-0047

2011

Open to Public Inspection

Department of the Treasury Internal Revenue Service

Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b. Attach to Form 990. See separate instructions.

Name of the organization

LAWRENCE & MEMORIAL HOSPITAL

Employer identification number

06-0646704

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows include: 1 Total number at end of year, 2 Aggregate contributions to (during year), 3 Aggregate grants from (during year), 4 Aggregate value at end of year, 5 Did the organization inform all donors... Yes/No, 6 Did the organization inform all grantees...

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

Table with 2 columns: Held at the End of the Tax Year. Rows include: 1 Purpose(s) of conservation easements held by the organization (check all that apply), 2 Complete lines 2a through 2d if the organization held a qualified conservation contribution... 2a Total number of conservation easements, 2b Total acreage restricted by conservation easements, 2c Number of conservation easements on a certified historic structure included in (a), 2d Number of conservation easements included in (c) acquired after 8/17/06...

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

Table with 2 columns: Amounts. Rows include: 1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items. b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items: (i) Revenues included in Form 990, Part VIII, line 1, (ii) Assets included in Form 990, Part X. 2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items: a Revenues included in Form 990, Part VIII, line 1, b Assets included in Form 990, Part X.

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule D (Form 990) 2011

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

- a Public exhibition, b Scholarly research, c Preservation for future generations, d Loan or exchange programs, e Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

b If "Yes," explain the arrangement in Part XIV and complete the following table:

Table with 2 columns: Description, Amount. Rows: 1c Beginning balance, 1d Additions during the year, 1e Distributions during the year, 1f Ending balance.

2a Did the organization include an amount on Form 990, Part X, line 21?

b If "Yes," explain the arrangement in Part XIV.

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

Table with 6 columns: (a) Current year, (b) Prior year, (c) Two years back, (d) Three years back, (e) Four years back. Rows: 1a-1g Balance and expense categories.

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

- a Board designated or quasi-endowment 85.0000%
b Permanent endowment 15.0000%
c Temporarily restricted endowment %

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

Table with 2 columns: Yes, No. Rows: 3a(i) unrelated organizations, 3a(ii) related organizations, 3b.

- (i) unrelated organizations
(ii) related organizations
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

4 Describe in Part XIV the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Table with 5 columns: (a) Cost or other basis (investment), (b) Cost or other basis (other), (c) Accumulated depreciation, (d) Book value. Rows: 1a-1e Land, Buildings, Leasehold improvements, Equipment, Other.

Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)

Part VII Investments - Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 12.)		

Part VIII Investments - Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 13.)		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) OTHER RECEIVABLES	16,637,280.
(2) DEBT SERVICE FUND	1,307,110.
(3) DEBT SERVICE RESERVE FUND	2,247,125.
(4) DEFERRED FINANCING COSTS	1,857,504.
(5) DUE FROM AFFILIATES	808,442.
(6) CONSTRUCTION FUND	
(7)	
(8)	
(9)	
(10)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.)	22,857,461.

Part X Other Liabilities. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes ATTACHMENT 1	
(2) DUE TO THIRD PARTY AGENCIES	5,409,556.
(3) DEFERRED COMPENSATION	69,859.
(4) SELF ASSURANCE RESERVES	3,782,601.
(5) ACCRUED POST RETIREMENT BENEFIT	1,291,157.
(6) ACCRUED PENSION	5,776,926.
(7) ACCRUED 401K MATCH	921,078.
(8) ACCRUED MIN PENSION LIABILITY	43,126,780.
(9) ASSET RETIREMENT OBLIGATION	465,853.
(10) DUE TO L&M CORPORATION	2,421,244.
(11) DEFERRED FINANCING COST	2,775,398.
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.)	79,790,406.

2. FIN 48 (ASC 740) Footnote. In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740).

Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements		
1	Total revenue (Form 990, Part VIII, column (A), line 12)	1
2	Total expenses (Form 990, Part IX, column (A), line 25)	2
3	Excess or (deficit) for the year. Subtract line 2 from line 1	3
4	Net unrealized gains (losses) on investments	4
5	Donated services and use of facilities	5
6	Investment expenses	6
7	Prior period adjustments	7
8	Other (Describe in Part XIV.)	8
9	Total adjustments (net). Add lines 4 through 8	9
10	Excess or (deficit) for the year per audited financial statements. Combine lines 3 and 9	10

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return		
1	Total revenue, gains, and other support per audited financial statements	1
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:	
a	Net unrealized gains on investments	2a
b	Donated services and use of facilities	2b
c	Recoveries of prior year grants	2c
d	Other (Describe in Part XIV.)	2d
e	Add lines 2a through 2d	2e
3	Subtract line 2e from line 1	3
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:	
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a
b	Other (Describe in Part XIV.)	4b
c	Add lines 4a and 4b	4c
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)	5

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return		
1	Total expenses and losses per audited financial statements	1
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:	
a	Donated services and use of facilities	2a
b	Prior year adjustments	2b
c	Other losses	2c
d	Other (Describe in Part XIV.)	2d
e	Add lines 2a through 2d	2e
3	Subtract line 2e from line 1	3
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:	
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a
b	Other (Describe in Part XIV.)	4b
c	Add lines 4a and 4b	4c
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)	5

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

SCHEDULE D, PART V, LINE 4

THE ORGANIZATION'S ENDOWMENT FUNCTIONS TO SUPPORT AND PROVIDE INCOME FOR

THE FURTHERANCE OF THE HEALTHCARE MISSION OF LAWRENCE & MEMORIAL

HOSPITAL.

Part XIV Supplemental Information (continued)

ATTACHMENT 1

SCHEDULE D, PART X - OTHER LIABILITIES

<u>DESCRIPTION</u>	<u>BOOK VALUE</u>
MALPRACTICE INSURANCE	13,749,954.
TOTALS	<u>79,790,406.</u>

**SCHEDULE F
(Form 990)**

Statement of Activities Outside the United States

OMB No. 1545-0047

▶ Complete if the organization answered "Yes" to Form 990,
Part IV, line 14b, 15, or 16.
▶ Attach to Form 990. ▶ See separate instructions.

2011

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Name of the organization

LAWRENCE & MEMORIAL HOSPITAL

Employer identification number

06-0646704

Part I **General Information on Activities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

1 For grantmakers. Does the organization maintain records to substantiate the amount of its grants and other assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? Yes No

2 For grantmakers. Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States.

3 Activities per Region. (The following Part I, line 3 table can be duplicated if additional space is needed.)

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e.g., fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
(1) CENTRAL AMERICA/CARIBBEAN			INVESTMENTS		35,563,356.
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					
(11)					
(12)					
(13)					
(14)					
(15)					
(16)					
(17)					
3a Sub-total,					35,563,356.
b Total from continuation sheets to Part I					
c Totals (add lines 3a and 3b)					35,563,356.

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule F (Form 990) 2011

Part II Grants and Other Assistance to Organizations or Entities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than \$5,000. Check this box if no one recipient received more than \$5,000.

Part II can be duplicated if additional space is needed.

1	(a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)
(1)									
(2)									
(3)									
(4)									
(5)									
(6)									
(7)									
(8)									
(9)									
(10)									
(11)									
(12)									
(13)									
(14)									
(15)									
(16)									

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter.

3 Enter total number of other organizations or entities.

Part III Grants and Other Assistance to Individuals Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 16.
 Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) Amount of cash grant	(e) Manner of cash disbursement	(f) Amount of non-cash assistance	(g) Description of non-cash assistance	(h) Method of valuation (book, FMV, appraisal, other)
(1)							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							
(13)							
(14)							
(15)							
(16)							
(17)							
(18)							

Part IV Foreign Forms

- 1 Was the organization a U.S. transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926).* Yes No

- 2 Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A).* Yes No

- 3 Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations. (see Instructions for Form 5471).* Yes No

- 4 Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621).* Yes No

- 5 Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons With Respect To Certain Foreign Partnerships. (see Instructions for Form 8865).* Yes No

- 6 Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713).* Yes No

Part V

Supplemental Information

Complete this part to provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method; amounts of investments vs. expenditures per region); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information (see instructions).

SCHEDULE G
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

**Supplemental Information Regarding
Fundraising or Gaming Activities**

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No. 1545-0047

2011

**Open to Public
Inspection**

Name of the organization
LAWRENCE & MEMORIAL HOSPITAL
Employer identification number
06-0646704

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.
Form 990-EZ filers are not required to complete this part.

1 Indicate whether the organization raised funds through any of the following activities. Check all that apply.

- a Mail solicitations
- b Internet and email solicitations
- c Phone solicitations
- d In-person solicitations
- e Solicitation of non-government grants
- f Solicitation of government grants
- g Special fundraising events

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? Yes No

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col. (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
1 GHIORSI & SORRENTI INC.	CAPITAL CAMPAIGN		X		77,139.	
2						
3						
4						
5						
6						
7						
8						
9						
10						
Total					77,139.	

3 List all states in which the organization is registered or licensed to solicit contributions or has been notified it is exempt from registration or licensing.

CT,

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

		(a) Event #1	(b) Event #2	(c) Other Events	(d) Total events
		(event type)	(event type)	(total number)	(add col. (a) through col. (c))
Revenue	1 Gross receipts				
	2 Less: Charitable contributions				
	3 Gross income (line 1 minus line 2).				
Direct Expenses	4 Cash prizes				
	5 Noncash prizes				
	6 Rent/facility costs				
	7 Food and beverages				
	8 Entertainment				
	9 Other direct expenses				
	10 Direct expense summary. Add lines 4 through 9 in column (d)				()
	11 Net income summary. Combine line 3, column (d), and line 10				

Part III Gaming. Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col. (a) through col. (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Noncash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	
7 Direct expense summary. Add lines 2 through 5 in column (d)				()	
8 Net gaming income summary. Combine line 1, column d, and line 7					

9 Enter the state(s) in which the organization operates gaming activities: _____

a Is the organization licensed to operate gaming activities in each of these states? Yes No

b If "No," explain: _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? Yes No

b If "Yes," explain: _____

11 Does the organization operate gaming activities with nonmembers? Yes No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? Yes No

13 Indicate the percentage of gaming activity operated in:			
a	The organization's facility	13a	%
b	An outside facility	13b	%

14 Enter the name and address of the person who prepares the organization's gaming/special events books and records:

Name ▶ _____

Address ▶ _____

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? Yes No

b If "Yes," enter the amount of gaming revenue received by the organization ▶ \$ _____ and the amount of gaming revenue retained by the third party ▶ \$ _____.

c If "Yes," enter name and address of the third party:

Name ▶ _____

Address ▶ _____

16 Gaming manager information:

Name ▶ _____

Gaming manager compensation ▶ \$ _____

Description of services provided ▶ _____

Director/officer Employee Independent contractor

17 Mandatory distributions:

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? Yes No

b Enter the amount of distributions required under state law to be distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ \$ _____

Part IV Supplemental Information. Complete this part to provide the explanation required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

SCHEDULE G, PART II

FUNDRAISING EXPENSES ARE REPORTED ON FORM 990, PART IX FOR LAWRENCE & MEMORIAL HOSPITAL (EIN 06-0646704). CONTRIBUTIONS ARE REPORTED ON THE FORMS 990 FOR BOTH LAWRENCE & MEMORIAL HOSPITAL (EIN 06-0646704) AND LAWRENCE & MEMORIAL CORPORATION (EIN 22-2553028). ADDITIONAL CONTRIBUTIONS IN THE AMOUNT OF \$2,850,055 ARE REPORTED ON THE FORM 990 FOR LAWRENCE & MEMORIAL CORPORATION (EIN 22-2553028).

SCHEDULE H
(Form 990)

Hospitals

OMB No. 1545-0047

2011

Open to Public Inspection

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.

Department of the Treasury
Internal Revenue Service

Name of the organization
LAWRENCE & MEMORIAL HOSPITAL

Employer identification number
06-0646704

Part I Financial Assistance and Certain Other Community Benefits at Cost

	Yes	No
1 a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	X	
1 b If "Yes," was it a written policy?	X	
2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.		
a Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>250.0000</u> %	X	
b Did the organization use FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input checked="" type="checkbox"/> 400% <input type="checkbox"/> Other _____%	X	
c If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care.		
4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	X	
5 a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	X	
b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	X	
c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		X
6 a Did the organization prepare a community benefit report during the tax year?	X	
b If "Yes," did the organization make it available to the public?	X	

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)		1364	1,185,512.		1,185,512.	.39
b Medicaid (from Worksheet 3, column a)		25837	48,416,417.	37,579,254.	10,837,163.	3.54
c Costs of other means-tested government programs (from Worksheet 3, column b)			637,435.	411,640.	225,795.	.07
d Total Financial Assistance and Means-Tested Government Programs		27201	50,239,364.	37,990,894.	12,248,470.	4.00
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)		34658	1,994,053.	27,421.	1,966,632.	.64
f Health professions education (from Worksheet 5)		864	966,488.		966,438.	.32
g Subsidized health services (from Worksheet 6)		3024	4,428,066.	2,431,896.	1,996,170.	.65
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)		1828	123,601.	1,000.	122,601.	.04
j Total. Other Benefits		40374	7,512,208.	2,460,317.	5,051,841.	1.65
k Total. Add lines 7d and 7j.		67575	57,751,572.	40,451,211.	17,300,311.	5.65

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule H (Form 990) 2011

Part II Community Building Activities Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support			99,966.		99,966.	.03
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building		340	83,664.		83,664.	.03
7 Community health improvement advocacy						
8 Workforce development		18	429.		429.	
9 Other						
10 Total		358	184,059.		184,059.	.06

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

	Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	X	
2 Enter the amount of the organization's bad debt expense		
3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy		
4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit.		
Section B. Medicare		
5 Enter total revenue received from Medicare (including DSH and IME)		
6 Enter Medicare allowable costs of care relating to payments on line 5		
7 Subtract line 6 from line 5. This is the surplus (or shortfall)		
8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input checked="" type="checkbox"/> Other		
Section C. Collection Practices		
9a Did the organization have a written debt collection policy during the tax year?	X	
b If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	X	

Part IV Management Companies and Joint Ventures (see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V Facility Information

Section A. Hospital Facilities

(list in order of size, from largest to smallest)

How many hospital facilities did the organization operate during the tax year? 1

Name and address

1 LAWRENCE & MEMORIAL HOSPITAL
365 MONTAUK AVENUE
NEW LONDON CT 06320

Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)
X	X					X	X	

Part V Facility Information (continued)

Section B. Facility Policies and Practices

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: LAWRENCE & MEMORIAL HOSPITAL

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 1

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for tax year 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment (Needs Assessment)? If "No," skip to line 8. If "Yes," indicate what the Needs Assessment describes (check all that apply):	1	
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment: 20 __ __		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply):	5	
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply):		
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g <input type="checkbox"/> Prioritization of health needs in its community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
8 Did the hospital facility have in place during the tax year a written financial assistance policy that: Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	X
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care: <u>2</u> <u>5</u> <u>0</u> % If "No," explain in Part VI the criteria the hospital facility used.	9	X

Part V Facility Information (continued) LAWRENCE & MEMORIAL HOSPITAL

		Yes	No
10	Used FPG to determine eligibility for providing <i>discounted care</i> ? If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>2</u> <u>5</u> <u>1</u> % If "No," explain in Part VI the criteria the hospital facility used.	X	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply):	X	
a	<input checked="" type="checkbox"/> Income level		
b	<input checked="" type="checkbox"/> Asset level		
c	<input checked="" type="checkbox"/> Medical indigency		
d	<input type="checkbox"/> Insurance status		
e	<input checked="" type="checkbox"/> Uninsured discount		
f	<input type="checkbox"/> Medicaid/Medicare		
g	<input type="checkbox"/> State regulation		
h	<input type="checkbox"/> Other (describe in Part VI)		
12	Explained the method for applying for financial assistance?	X	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply):	X	
a	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b	<input type="checkbox"/> The policy was attached to billing invoices		
c	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e	<input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f	<input checked="" type="checkbox"/> The policy was available on request		
g	<input type="checkbox"/> Other (describe in Part VI)		

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	X	
15	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP:		
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Part VI)		
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged:		X
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Part VI)		
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in line 16 (check all that apply):		
a	<input type="checkbox"/> Notified patients of the financial assistance policy on admission		
b	<input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge		
c	<input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills		
d	<input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy		
e	<input type="checkbox"/> Other (describe in Part VI)		

Part V Facility Information (continued) LAWRENCE & MEMORIAL HOSPITAL

Policy Relating to Emergency Medical Care

		Yes	No
18	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	X	
If "No," indicate why:			
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

Individuals Eligible for Financial Assistance

19	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.		
a	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input checked="" type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?		X
If "Yes," explain in Part VI.			
21	Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for any service provided to that patient?		X
If "Yes," explain in Part VI.			

Part V Facility Information (continued)

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year? _____

Name and address	Type of Facility (describe)
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	

Part VI Supplemental Information

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- 6 Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

SCHEDULE H, PART I, LINE 3C:

IT IS THE PHILOSOPHY AND POLICY OF LAWRENCE & MEMORIAL HOSPITAL ("L+M HOSPITAL") THAT MEDICALLY NECESSARY HEALTH CARE SERVICES SHOULD BE AVAILABLE TO ALL INDIVIDUALS REGARDLESS OF THEIR ABILITY TO PAY.

CHARITY CARE APPLIES TO ALL UNINSURED PATIENTS (DEFINED AS EARNING LESS THAN 250% OF THE POVERTY GUIDELINES) AS DESCRIBED IN § 19A-673 OF THE CONNECTICUT GENERAL STATUTES. L+M HOSPITAL WILL MEET OR EXCEED THE GUIDELINES SET-FORTH BY THE CONNECTICUT HOSPITAL ASSOCIATION ("CHA") ON THE STATEWIDE DISCOUNT POLICY FOR UNINSURED PATIENTS. CARE WILL BE PROVIDED FREE FOR THOSE UNINSURED PATIENTS WHO REQUEST ASSISTANCE AND VERIFY THEIR ANNUAL INCOME IS LESS THAN 250% OF THE FEDERAL INCOME POVERTY LEVEL ("FPL"). LIQUID ASSETS MUST NOT EXCEED \$50,000 (STOCKS, BONDS, CASH, 401, IRA, CD ETC.) EXCLUDING PRIMARY RESIDENCE AND PRIMARY MOTOR VEHICLE). BUSINESS ASSETS, RENTAL PROPERTY, SECONDARY RESIDENCE, RECREATIONAL VEHICLES AND OTHER SUCH LUXURY ITEMS WILL BE APPLIED TO THE LIQUID ASSETS. CARE WILL BE DISCOUNTED ON A SLIDING SCALE FOR SELF-PAY PATIENTS WHO HAVE NO THIRD PARTY INSURANCE TO COVER SERVICES WITH AN

Part VI Supplemental Information

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ANNUAL INCOME THAT IS BETWEEN 250% AND 400% OF THE FPL AND HAVE ASSETS
LESS THAN \$50,000, IN ACCORDANCE WITH THE FOLLOWING:

251% - 300% = COST OF CHARGE

301% - 350% = 40%

351% - 400% = 30%

SCHEDULE H, PART I, LINE 7:

THE AMOUNTS REPORTED ON PART I, LINE 7 WERE CALCULATED AS DIRECT,
SEPARATELY IDENTIFIABLE COSTS INCURRED BY THE HOSPITAL PLUS AN ALLOCATION
OF OVERHEAD.

SCHEDULE H, PART I, LINE 7, COLUMN F:

THE AMOUNT OF BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25,
COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN
THIS COLUMN IS \$11,930,619.

Part VI Supplemental Information

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SCHEDULE H, PART III, LINE 4:

L+M HOSPITAL USES A COST REPORTING SYSTEM TO DETERMINE THE BAD DEBT EXPENSE. THE AMOUNT OF BAD DEBT EXPENSE (AT COST) REPORTED ON PART III, LINE 2 IS TAKEN DIRECTLY FROM THE AUDITED FINANCIAL STATEMENTS. THE AMOUNT OF BAD DEBT EXPENSE (AT COST) ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY IS CALCULATED AS 2% OF THE AMOUNT OF BAD DEBT (AT COST) FROM THE AUDITED FINANCIAL STATEMENTS. THE AMOUNT OF 2% REPRESENTS THE BAD DEBT AMOUNT THAT COULD HAVE BEEN QUALIFIED FOR CHARITY CARE AS THIS THE PERCENTAGE OF GROSS REVENUE THAT IS SELF PAID.

SCHEDULE H, PART III, LINE 8:

THE MEDICARE SHORTFALL OF (\$27,072,908) REPORTED IN PART III, LINE 7 WAS CALCULATED BASED ON COST REPORTING. THIS AMOUNT SHOULD BE TREATED AS COMMUNITY BENEFIT BECAUSE THE RATES PAID BY MEDICARE DO NOT ACCURATELY REFLECT THE COST OF CARE PROVIDED BY L+M HOSPITAL. ACCORDINGLY, L+M HOSPITAL MUST SUBSIDIZE THE COST OF CARE PROVIDED TO MEDICARE BENEFICIARIES WITH OTHER REVENUES.

Part VI Supplemental Information

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SCHEDULE H, PART III, LINE 9B:

IN ACCORDANCE WITH ITS WRITTEN CREDIT AND COLLECTION POLICY, L+M HOSPITAL WILL NOT PURSUE COLLECTION EFFORTS, DIRECTLY OR THROUGH COLLECTION AGENCIES, ON THE PORTION OF A PATIENT'S BILL FOR WHICH THAT PATIENT HAS ESTABLISHED ELIGIBILITY FOR CHARITY CARE.

SCHEDULE H, PART V, LINE 19D

SEE EXPLANATION PROVIDED IN SCHEDULE H, PART I, LINE 3C

SCHEDULE H, PART VI, LINE 2

NEEDS ASSESSMENT:

L+M HOSPITAL EMPLOYS A VARIETY OF STRATEGIES IN GAUGING THE HEALTH NEEDS OF THE COMMUNITIES IT SERVES. THE MOST RECENT COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA), COVERING THE L+M HOSPITAL PRIMARY SERVICE AREA, WAS INITIATED IN 2012 AND HAS BEEN CONDUCTED UNDER THE GUIDANCE OF AN OUTSIDE EXPERT. WHEN COMPLETE, THE ASSESSMENT WILL UPDATE THE LAST COMPREHENSIVE CHNA TO FURTHER ANALYZE HEALTH STATUS AS IT RELATES TO IDENTIFIED HEALTH CARE AND PUBLIC HEALTH ISSUES IN NEW LONDON COUNTY. METHODS INCLUDE USING

Part VI Supplemental Information

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SCIENTIFICALLY VALID DATA, COMPARATIVE INFORMATION, AND INPUT FROM LOCAL RESIDENTS, PROVIDERS AND LEADERS. INDICATORS WERE COMPUTED FROM AN EXTENSIVE SET OF SECONDARY HEALTH-RELATED DATA.

L+M HOSPITAL REVIEWS DISEASE INCIDENCE AND PREVALENCE RATES FOR THE LOCAL COMMUNITY, STATE, AND NATION. RATES ARE COLLECTED FROM MEDICAL JOURNALS, THE CT DEPARTMENT OF HEALTH, OR NATIONAL HEALTH RESOURCES SUCH AS THE KAISER FAMILY FOUNDATION OR CDC. THIS ANALYSIS INFORMS L+M ON THE HEALTH STATUS OF THE COMMUNITY AND IS USED TO FOCUS PROGRAM AND SERVICE DEVELOPMENT ON AREAS OF GREATEST CONCERN.

INFORMATION ON COMMUNITY NEEDS IS ALSO GATHERED THROUGH PARTNERSHIPS WITH OTHER COMMUNITY ORGANIZATIONS SUCH AS THE UNITED WAY, THE LEDGE LIGHT HEALTH DISTRICT, AND OTHER LOCAL NON-PROFITS. PERIODIC REVIEW OF DATA AND UPDATING AS APPROPRIATE IS CONDUCTED. L+M HOSPITAL COMPLETES A PHYSICIAN MANPOWER STUDY REGULARLY. THIS STUDY, CONDUCTED BY AN OUTSIDE CONSULTANT, DOCUMENTS THE DEMAND FOR PHYSICIANS BY SPECIALTY BASED ON PHYSICIAN-TO-POPULATION RATIOS, THE SUPPLY OF PHYSICIANS IN THE

Part VI Supplemental Information

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COMMUNITY, AND THE RESULTANT GAPS BETWEEN DEMAND AND SUPPLY. THE ANALYSIS INFORMS L+M OF DEFICIENCIES IN PHYSICIAN SUPPLY AND HELPS FOCUS RECRUITMENT EFFORTS TO MEET THE DEMANDS OF THE COMMUNITY.

ALL COMMUNITY BENEFIT ACTIVITIES ARE REGULARLY EVALUATED FOR IMPACT AND EFFECTIVENESS AND AUDITED FOR COMPLIANCE WITH THE ORGANIZATION'S COMMUNITY BENEFIT POLICY.

SCHEDULE H, PART VI, LINE 3

PATIENT EDUCATION OF ELGIBILITY FOR ASSISTANCE:
 IN ACCORDANCE WITH ITS CHARITY CARE POLICY, L+M HOSPITAL NOTIFIES PATIENTS OF THE AVAILABILITY OF FINANCIAL ASSISTANCE USING SEVERAL METHODS. 1) SIGNAGE INDICATING THE AVAILABILITY OF CHARITY CARE IS POSTED IN ENGLISH AND SPANISH IN PATIENT ACCOUNTS, HEALTH ACCESS MANAGEMENT AND CERTAIN CLINICAL AREAS. SUMMARIES OF THE PROGRAMS WILL ALSO BE AVAILABLE IN THOSE AREAS. 2) PATIENT FINANCIAL ADVISORS WILL ATTEMPT TO VISIT ALL INPATIENTS REGISTERED AS SELF-PAY PATIENTS. A SUMMARY EXPLAINING CHARITY CARE WILL BE GIVEN TO THE PATIENT OR GUARANTOR

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WHEN THIS VISIT OCCURS. 3) PATIENTS WITH NO INSURANCE WILL RECEIVE AN INITIAL LETTER WITHIN ONE WEEK OF DISCHARGE INFORMING THEM THAT L+M HOSPITAL CONSIDERS THEM "INSURED" PER THE CONNECTICUT GENERAL STATUTES SECTION 19A-673. IT IS THE RESPONSIBILITY OF THE PATIENT TO ADVISE L+M HOSPITAL IF THEY BELIEVE THEY QUALIFY AS "UNINSURED" (AT OR UNDER 250% OF THE FPG). 4) A SERIES OF MONTHLY STATEMENTS WILL BE SENT FOLLOWING DISCHARGE. EACH STATEMENT WILL REMIND THE PATIENT OF THE AVAILABILITY OF CHARITY CARE.

SCHEDULE H, PART VI, LINE 4

COMMUNITY INFORMATION:

POPULATION SIZE

THE COMMUNITIES THAT COMPRISE THE SERVICE AREA OF L+M HOSPITAL INCLUDE TEN TOWNS ALONG THE CONNECTICUT SHORELINE BETWEEN RHODE ISLAND AND THE CONNECTICUT RIVER AND INLAND TO SALEM, CT, WITH A TOTAL POPULATION OF APPROXIMATELY 180,000 PEOPLE YEAR-ROUND, INCREASING TO 250,000 IN THE SUMMER. OUR COMMUNITIES REPRESENT A BROAD MIX OF URBAN, SUBURBAN, AND RURAL AREAS.

Part VI Supplemental Information

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GENERAL DEMOGRAPHICS

THE TOWNS AND CITIES IN THIS AREA ARE VERY DIVERSE, NOT ONLY SOCIO-ECONOMICALLY BUT ALSO IN TERMS OF RACE, ETHNICITY, FAITH TRADITION, RESIDENT TRANSIENCE, EMPLOYMENT, HEALTH INSURANCE STATUS, AND EDUCATIONAL ATTAINMENT. FROM 2000 TO 2011, THERE WAS A SLIGHT OVERALL GROWTH IN POPULATION WITH DRAMATIC CHANGES OCCURRING IN ETHNIC AND RACIAL COMPOSITION OF THE LOCAL POPULATION: THE PERCENTAGE OF HISPANICS INCREASED BY 75.4%, AFRICAN AMERICANS INCREASED BY 16.9%, ASIAN INCREASED BY 124% AND THOSE WHO INDICATE "OTHER" INCREASED BY 63.9%. OTHER INCREASES HAVE OCCURRED IN THE EASTERN EUROPEAN, AND HAITIAN POPULATIONS, AMONG OTHERS, WITH LOCAL SCHOOL DISTRICTS REPORTING SIGNIFICANT PERCENTAGES OF CHILDREN FROM HOMES WHERE ENGLISH IS NOT THE PRIMARY LANGUAGE. CHANGES IN THE ETHNIC AND RACIAL MAKEUP OF COUNTY RESIDENTS OVER TIME WILL IMPACT THE BURDEN OF DISEASE AND DEMAND FOR HEALTH SERVICES.

MAJOR EMPLOYERS

Part VI Supplemental Information

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THE REGION HAS TRANSITIONED FROM A LARGELY DEFENSE INDUSTRY-BASED ECONOMY TO ONE THAT RELIES HEAVILY UPON EMPLOYMENT IN THE SERVICE AND TRADE SECTORS AND IN GENERAL HAS A HIGHER PERCENTAGE OF PERSONS EMPLOYED IN THOSE SECTORS -WITH CORRESPONDING LOWER RATES OF PAY- WHICH IS CORRELATED WITH THE LOWER PER CAPITA INCOME AND GREATER ECONOMIC VULNERABILITY. MAJOR EMPLOYERS INCLUDE THE MASHANTUCKET PEQUOT AND MOHEGAN TRIBES (FOXWOODS RESORT AND CASINO AND MOHEGAN SUN CASINO RESPECTIVELY), PFIZER GLOBAL RESEARCH AND DEVELOPMENT, EDUCATIONAL INSTITUTIONS (CONNECTICUT COLLEGE, MITCHELL COLLEGE AND THE U.S. COAST GUARD ACADEMY), GENERAL DYNAMICS/ELECTRIC BOAT, DOMINION, AND L+M.

PRIMARY SOCIAL AND HEALTH CARE FACTORS IN THE URBAN CENTERS OF THE REGION, RACIAL AND ETHNIC HEALTH DISPARITIES, HIGHER POVERTY AND UNEMPLOYMENT RATES, LOWER LEVELS OF EDUCATIONAL ATTAINMENT, LIMITED ACCESS TO AFFORDABLE HOUSING AND TRANSPORTATION, HIGHER RATES OF DEATH FROM CHRONIC ILLNESS, AND A GREATER LIKELIHOOD OF RESIDENTS NOT HAVING HEALTH INSURANCE, ALL OF WHICH PRESENT PARTICULAR CHALLENGES. MEDIAN HOUSEHOLD INCOME IN THE L+M HOSPITAL SERVICE AREA IS

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- 5 Promotion of community health.** Provide any other information important to describing how the organization's hospitals facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

FAR BELOW THAT OF THE STATE, WITH AFRICAN AMERICAN AND HISPANIC FAMILIES' INCOMES SIGNIFICANTLY LOWER THAN WHITE FAMILIES' INCOMES. THE REGION INCLUDES ONE PRIORITY SCHOOL DISTRICT IN WHICH FAMILIES SPEAK OVER 30 DIFFERENT LANGUAGES AND APPROXIMATELY 40% OF CHILDREN CHANGE SCHOOLS EACH YEAR. TWO OF OUR COMMUNITIES HAVE A GREATER PERCENTAGE OF CHILDREN LIVING IN POVERTY THAN THE STATE AVERAGE OF 24%.

THE CHRONIC DISEASE BURDEN IS HIGH THROUGHOUT NEW LONDON COUNTY WITH NORWICH AND NEW LONDON HAVING HIGHER PERCENTAGES WITH 3+ CHRONIC CONDITIONS THAN OTHER REGIONS. THESE TWO COMMUNITIES ALSO HAVE A HIGHER PERCENTAGE OF PEOPLE WHO SELF-IDENTIFY AS "NOT WELL" AND, ALONG WITH SOME OUTLYING TOWNS, HAVE THE LEAST FAVORABLE INDICATORS FOR CHRONIC DISEASE.

SCHEDULE H, PART VI, LINE 5

PROMOTION OF COMMUNITY HEALTH:

L+M HOSPITAL'S COMMUNITY BENEFIT PROGRAMS AND SERVICES FORWARD THE ORGANIZATIONAL MISSION TO IMPROVE THE HEALTH OF THE REGION AND ALIGN WITH THE PRINCIPLES AS SET FORTH IN THE ORGANIZATION'S COMMUNITY BENEFIT

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 Promotion of community health.** Provide any other information important to describing how the organization's hospitals facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

POLICY. THOSE PRINCIPLES INCLUDE:

1. EMPHASIS ON PROGRAMS TO MEET A SIGNIFICANT UNMET HEALTH NEED INCLUDING EFFORTS TO IDENTIFY AND INCLUDE VULNERABLE POPULATIONS OR THOSE MOST AT-RISK AS DETERMINED BY RISK FACTORS WHICH PREDISPOSE THOSE POPULATIONS TOWARD A HIGHER INCIDENCE OF DISEASE AND/OR BARRIERS TO OBTAINING APPROPRIATE HEALTHCARE.
2. EMPHASIS ON PRIMARY PREVENTION AND INCLUDING AT LEAST ONE OF THREE PRIMARY PREVENTION STRATEGIES: HEALTH PROMOTION, DISEASE PREVENTION, AND HEALTH PROTECTION. HEALTH PROMOTION ENTAILS ENCOURAGING HEALTHY LIFESTYLES; DISEASE PREVENTION FOCUSES ON INDIVIDUALS IDENTIFIED AS AT-RISK FOR HEALTH PROBLEMS; HEALTH PROTECTION ACTIVITIES INFLUENCE THE ENVIRONMENT TO SUPPORT HEALTHY BEHAVIORS.
3. PROGRAMS SHOULD DEVELOP EVIDENCE-BASED LINKS BETWEEN CLINICAL SERVICES AND HEALTH IMPROVEMENT ACTIVITIES DELIVERED BOTH INSIDE AND OUTSIDE THE HOSPITAL.
4. PROGRAMS SHOULD FOCUS ON TARGETING CHARITABLE RESOURCES THAT MOBILIZE AND BUILD CAPACITY WITHIN EXISTING COMMUNITY ASSETS WHILE

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
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- 6 Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

MINIMIZING DUPLICATION OF EFFORT.

5. PROGRAMS SHOULD EMPHASIS COLLABORATION WITH COMMUNITY

STAKEHOLDERS.

AS EVIDENCED BY THE WIDE RANGE OF COMMUNITY BENEFIT PROGRAMS AND SERVICES OFFERED, L+M HOSPITAL IS ENGAGED IN MEETING THE IDENTIFIED HEALTH NEEDS OF THE COMMUNITIES WE SERVE. THERE IS AN ORGANIZATIONAL HISTORY OF COLLECTING DATA TO DETERMINE HOW BEST TO DIRECT OUR RESOURCES AND HOW TO MAKE THE GREATEST IMPACT IN PROMOTING COMMUNITY HEALTH. OUR ANNUAL COMMUNITY BENEFIT REPORT PUBLICATION DESCRIBES A SAMPLING OF PROGRAMS AND THE AMOUNT OF INVESTMENT THAT L+M MAKES IN CARRYING OUT THESE PROGRAMS.

COMMUNITY INVOLVEMENT IN GOVERNANCE AND ADVISORY GROUPS
COMMUNITY ENGAGEMENT IN THE PLANNING, IMPLEMENTATION AND EVALUATION OF L+M HOSPITAL INITIATIVES IS OF UTMOST IMPORTANCE. CONSUMERS AND STAKEHOLDER ORGANIZATIONS PARTICIPATE IN A RANGE OF ACTIVITIES SO AS TO ENSURE THAT MANY PERSPECTIVES ARE CONSIDERED. ONE EXAMPLE OF BROAD COMMUNITY INVOLVEMENT IS IN OUR FACILITATION OF A MULTI-SECTOR

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
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- 5 Promotion of community health.** Provide any other information important to describing how the organization's hospitals facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

STAKEHOLDER COLLABORATIVE TO BRING A COMMUNITY FITNESS CENTER TO OUR HOME COMMUNITY. ADDITIONALLY, OUR COMMUNITY-BASED PROGRAMS EACH HAVE ADVISORY GROUPS, INCLUDING THE FAITH IN ACTION NETWORK (PARISH NURSING), SAFE KIDS NEW LONDON COUNTY (INJURY PREVENTION), AND TEEN PREGNANCY PREVENTION TASK FORCE. THE RECONNECTING THE HOMELESS PROGRAM ENGAGES IN COMMUNITY COLLABORATIVES THAT PROVIDE IMPORTANT INPUT FOR THE PROGRAM AND EMPHASIS IS PLACED ON HOSPITAL REPRESENTATIVE PARTICIPATION IN OTHER COMMUNITY ORGANIZATIONS SO AS TO PROVIDE OPPORTUNITIES TO HEAR FROM OUR CONSUMERS.

L+M HOSPITAL'S BOARD OF DIRECTORS IS MADE UP OF COMMUNITY LEADERS WHO RESIDE IN L+M HOSPITAL'S PRIMARY SERVICE AREA. THESE VOLUNTEERS GIVE COUNTLESS HOURS OF SERVICE TO L+M HOSPITAL IN THEIR OVERSIGHT ROLE. THEY ARE INVOLVED IN THE STRATEGIC PLANNING, IN FUNDRAISING, AND IN GENERAL STEWARDSHIP AMONG OTHER RESPONSIBILITIES. OUR CORPORATORS ARE OUR COMMUNITY-LIAISONS AND REPRESENT ALL SECTORS OF OUR COMMUNITIES PROVIDING INPUT AND FEEDBACK REGULARLY. MEDICAL STAFF PRIVILEGES ARE OFFERED TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY.

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
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- 6 Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

OTHER INFORMATION:

A MAJORITY OF L+M HOSPITAL'S TRUSTEES ARE MEMBERS OF THE COMMUNITY SERVED BY L+M HOSPITAL AND ARE NOT EMPLOYED BY L+M HOSPITAL NOR ARE THEY FAMILY MEMBERS OF PERSONS EMPLOYED BY L+M HOSPITAL. L+M HOSPITAL EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY WHO WISH TO JOIN THE STAFF, CONSISTENT WITH THE SIZE AND NATURE OF ITS FACILITIES. EXCESS RECEIPTS FROM OPERATIONS ARE DEVOTED TO IMPROVEMENT OF FACILITIES, DEBT SERVICE, MEDICAL TRAINING AND RESEARCH.

HEALTH ADVOCACY INITIATIVES

L+M HOSPITAL IS INVOLVED IN HEALTH ADVOCACY INITIATIVES TO REDUCE UNINTENTIONAL INJURY TO CHILDREN, AND TO IMPROVE THE HEALTHCARE, PUBLIC HEALTH AND SOCIAL SERVICE SYSTEMS IN NEW LONDON COUNTY. OUR SAFE KIDS NEW LONDON COUNTY PROGRAM PLAYS A LEADERSHIP ROLE ON THE LOCAL, STATE AND NATIONAL LEVELS IN ADVOCATING FOR PUBLIC POLICIES THAT REDUCE INJURY RISK FOR CHILDREN. L+M HOSPITAL'S LEADERSHIP IN THE NEW LONDON COUNTY HEALTH COLLABORATIVE, AND PARTNERSHIP WITH OVER 12 OTHER ORGANIZATIONS INCLUDING BACKUS HOSPITAL, THREE HEALTH DEPARTMENTS, THREE FEDERALLY QUALIFIED

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
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- 6 Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

HEALTH CENTERS, THE COUNTY ANTI-POVERTY AGENCY, TWO HOMECARE ORGANIZATIONS, AND THE COUNTY'S LARGEST CHILD ADVOCACY ORGANIZATION, HAS RESULTED IN THE COLLABORATIVE BEING LOOKED TO AS A VALUABLE RESOURCE FOR POLICY MAKERS. ADDITIONALLY, THE EFFORTS OF THE NEW LONDON COUNTY HEALTH COLLABORATIVE ARE HAVING AN IMPACT ON COMMUNITY HEALTH, INITIALLY IN THE AREA OF IMPROVED ACCESS TO CARE.

**SCHEDULE J
(Form 990)**

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

2011

Open to Public Inspection

Name of the organization

LAWRENCE & MEMORIAL HOSPITAL

Employer identification number

06-0646704

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- | | |
|--|---|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input checked="" type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director. Explain in Part III.

- | | |
|---|---|
| <input checked="" type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input checked="" type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input checked="" type="checkbox"/> Approval by the board or compensation committee |

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

- a** Receive a severance payment or change-of-control payment?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?
- If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5-9.

5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a** The organization?
- b** Any related organization?
- If "Yes" to line 5a or 5b, describe in Part III.

6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- a** The organization?
- b** Any related organization?
- If "Yes" to line 6a or 6b, describe in Part III.

7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1b		X
2	X	
4a		X
4b	X	
4c		X
5a		X
5b		X
6a		X
6b		X
7	X	
8		X
9		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 BRUCE D. CUMMINGS	(i) 534,401. (ii) 0	77,543. 0	18,282. 0	79,440. 0	8,351. 0	718,017. 0	0 0
2 HENRY AMDUR, MD	(i) 0 (ii) 47,079.	0 0	193,562. 0	0 0	0 0	193,562. 47,079.	0 0
3 LUGENE INZANA	(i) 313,283. (ii) 0	47,058. 0	1,242. 0	9,800. 0	26,186. 0	397,569. 0	0 0
4 PETER FRASER	(i) 156,540. (ii) 0	21,343. 0	23,219. 0	6,919. 0	25,494. 0	233,515. 0	0 0
5 WILLIAM STANLEY	(i) 170,730. (ii) 0	16,682. 0	21,770. 0	8,475. 0	22,223. 0	239,880. 0	0 0
6 ATTORNEY MAUREEN ANDERS	(i) 240,640. (ii) 0	25,379. 0	810. 0	9,800. 0	22,020. 0	298,649. 0	0 0
7 DANIEL RISSI	(i) 357,830. (ii) 0	48,447. 0	3,564. 0	9,800. 0	15,740. 0	435,381. 0	0 0
8 KIMBERLY KALAJAINEN	(i) 197,274. (ii) 0	22,431. 0	9,774. 0	9,392. 0	27,338. 0	266,209. 0	0 0
9 CRISTA DURAND	(i) 249,805. (ii) 0	36,084. 0	540. 0	9,800. 0	22,020. 0	318,249. 0	0 0
10 LAUREN WILLIAMS	(i) 230,464. (ii) 0	29,185. 0	2,322. 0	9,800. 0	7,872. 0	279,643. 0	0 0
11 PAMELA KANE	(i) 189,444. (ii) 0	25,597. 0	540. 0	8,852. 0	22,020. 0	246,453. 0	0 0
12 MICHAEL ALPER	(i) 114,583. (ii) 0	6,762. 0	56,303. 0	6,279. 0	17,704. 0	201,631. 0	0 0
13 RICHARD PAPATONIO	(i) 115,860. (ii) 0	17,160. 0	39,488. 0	6,900. 0	0 0	179,408. 0	0 0
14 GARTH BALLANTYNE	(i) 749,093. (ii) 0	58,500. 0	1,980. 0	0 0	15,740. 0	825,313. 0	0 0
15 DAVID F. REISFELD, MD	(i) 270,815. (ii) 226,211.	19,015. 1,348.	4,050. 992.	8,938. 8,236.	22,020. 22,020.	4,050. 321,780.	0 0
16 GERALDINE RUFFA	(i) 0 (ii) 0	0 0	0 0	0 0	0 0	0 0	0 0

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

	(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1	SHARON BROWN	152,424.	0	17,200.	6,833.	8,647.	185,104.	0
	(i)							
	(ii)							
2								
	(i)							
	(ii)							
3								
	(i)							
	(ii)							
4								
	(i)							
	(ii)							
5								
	(i)							
	(ii)							
6								
	(i)							
	(ii)							
7								
	(i)							
	(ii)							
8								
	(i)							
	(ii)							
9								
	(i)							
	(ii)							
10								
	(i)							
	(ii)							
11								
	(i)							
	(ii)							
12								
	(i)							
	(ii)							
13								
	(i)							
	(ii)							
14								
	(i)							
	(ii)							
15								
	(i)							
	(ii)							
16								
	(i)							
	(ii)							

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

SCHEDULE J, PART I, LINES 1A AND 1B

WILLIAM STANLEY, VP OF DEVELOPMENT, HAS A NONTAXABLE MEMBERSHIP TO THE THAMES CLUB IN NEW LONDON. THE THAMES CLUB IS A SOCIAL CLUB THAT ALLOWS NETWORKING WITH POTENTIAL DONORS OR BOARD MEMBERS.

BRUCE CUMMINGS, PRESIDENT & CEO, AUTHORIZES WILLIAM STANLEY'S MEMBERSHIP IN THE THAMES CLUB IN HIS ROLE AS VICE PRESIDENT OF DEVELOPMENT & COMMUNITY RELATIONS OF LAWRENCE & MEMORIAL HOSPITAL. IN AN EFFORT TO CONDUCT BUSINESS IN THE COMMUNITY AND REPRESENT LAWRENCE & MEMORIAL HOSPITAL, THE THAMES CLUB PROVIDES AN APPROPRIATE SETTING FOR MEETINGS WITH BOARD MEMBERS AND BOTH CURRENT AND POTENTIAL DONORS.

SCHEDULE J, PART I, LINE 4B

LAWRENCE & MEMORIAL HOSPITAL ESTABLISHED A SECTION 457(F) CEO SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN FOR THE HOSPITAL'S PRESIDENT AND CHIEF EXECUTIVE OFFICER, BRUCE D. CUMMINGS. AMOUNTS ARE CREDITED TO THE RETIREMENT ACCOUNT IN MONTHLY INSTALLMENTS THROUGHOUT EACH PLAN YEAR. PLAN AMOUNTS WILL BE PAID ONLY IF CERTAIN CONDITIONS ARE MET, INCLUDING REMAINING EMPLOYED BY THE HOSPITAL THROUGH AGE 65, AS OUTLINED IN THE

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

PLAN AGREEMENT. DURING 2011, SECTION 457(F) CONTRIBUTIONS OF \$69,640 WERE CREDITED TOWARDS THE PLAN.

SCHEDULE J, PART I, LINE 7

L&M HOSPITAL HAS AN EXECUTIVE INCENTIVE PLAN. BONUSES ARE AWARDED UNDER THE PLAN BASED ON THE EXECUTIVE MEETING TEAM AND PERSONAL GOALS. THE PLAN ALSO INCLUDES A DISCRETIONARY COMPONENT. MEMBERS OF L&M HOSPITAL'S SENIOR MANAGEMENT TEAM (PRESIDENT & VICE PRESIDENTS) ARE ELIGIBLE FOR ANNUAL EXECUTIVE INCENTIVE PLAN AWARDS, BASED ON PRE-SET PERCENTAGES OF BASE SALARY TO EACH EXECUTIVE BASED ON THE HOSPITAL MEETING ITS FINANCIAL AND WORK-PLAN GOALS AS WELL AS THE EXECUTIVE MEETING PREDETERMINED INDIVIDUAL AND TEAM GOALS. IN THE CASE OF AN EXECUTIVE NOT MEETING ALL OF THEIR PREDETERMINED GOALS, A PERCENTAGE OF THE ELIGIBLE TARGET AMOUNT MAY BE AWARDED.

**SCHEDULE K
(Form 990)**

Department of the Treasury
Internal Revenue Service

Name of the organization

LAWRENCE & MEMORIAL HOSPITAL

Part I Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Deceased		(h) On behalf of issuer		(i) Pooled financing	
						Yes	No	Yes	No	Yes	No
A CT HEFA VAR RATE DEMAND REV BONDS, SERIES E	06-0806186	20774LS99	01/16/2008	22,990,000. SEE SCHEDULE O			X		X		X
B CT HEFA FIXED RATE REV BONDS, SERIES F	06-0806186	VARIOUS	09/15/2011	61,831,040. SEE SCHEDULE O			X		X		X
C											
D											

Employer identification number
06-0646704

Supplemental Information on Tax-Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.

▶ Attach to Form 990. ▶ See separate instructions.

Part II Proceeds

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Amount of bonds retired				2,885,000.				
2 Amount of bonds legally defeased								
3 Total proceeds of issue		22,990,000.		61,831,040.				
4 Gross proceeds in reserve funds								
5 Capitalized interest from proceeds								
6 Proceeds in refunding escrows								
7 Issuance costs from proceeds				1,021,749.				
8 Credit enhancement from proceeds								
9 Working capital expenditures from proceeds								
10 Capital expenditures from proceeds								
11 Other spent proceeds		22,990,000.		60,809,291.				
12 Other unspent proceeds								
13 Year of substantial completion								
14 Were the bonds issued as part of a current refunding issue?	X		X					
15 Were the bonds issued as part of an advance refunding issue?		X		X				
16 Has the final allocation of proceeds been made?	X		X					
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III Private Business Use

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?				X				
2 Are there any lease arrangements that may result in private business use of bond-financed property?				X				

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

JSA
1E1295 1.000

33042N 7377

TAX-EXEMPT BONDS

Part III Private Business Use (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts that may result in private business use of bond-financed property?				X				
b If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?				X				
c Are there any research agreements that may result in private business use of bond-financed property?				X				
d If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government		%		%		%		%
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government		%		%		%		%
6 Total of lines 4 and 5		%		%		%		%
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?			X					

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X				
2 Is the bond issue a variable rate issue?	X			X				
3a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X				
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was the hedge terminated?								
4a Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X				
b Name of provider								
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5 Were any gross proceeds invested beyond an available temporary period?		X		X				
6 Did the bond issue qualify for an exception to rebate?	X			X				

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations

Yes No

Part VI Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

NAME OF BOND:

SCHEDULE L
(Form 990 or 990-EZ)

Transactions With Interested Persons

OMB No. 1545-0047

2011

Open To Public Inspection

Department of the Treasury
Internal Revenue Service

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

Name of the organization

Employer identification number

LAWRENCE & MEMORIAL HOSPITAL

06-0646704

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b.

1	(a) Name of disqualified person	(b) Description of transaction	(c) Corrected?	
			Yes	No
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

- 2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 ▶ \$ _____
- 3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization ▶ \$ _____

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a.

(a) Name of interested person and purpose	(b) Loan to or from the organization?		(c) Original principal amount	(d) Balance due	(e) In default?		(f) Approved by board or committee?		(g) Written agreement?	
	To	From			Yes	No	Yes	No	Yes	No
	(1)									
(2)										
(3)										
(4)										
(5)										
(6)										
(7)										
(8)										
(9)										
(10)										
Total ▶ \$										

Part III Grants or Assistance Benefiting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount and type of assistance
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule L (Form 990 or 990-EZ) 2011

Part IV Business Transactions Involving Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) NORTHEAST UTILITIES	BOARD MEMBER/DIRECTOR	991,548.	UTILITIES SERVICES		X
(2) BLUECROSS BLUESHIELD	SECRETARY'S IN LAW IS CEO	1,226,778.	INSURANCE PREMIUMS		X
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule L (see instructions).

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Name of the organization

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No. 1545-0047

2011

**Open to Public
Inspection**

Employer identification number

LAWRENCE & MEMORIAL HOSPITAL

06-0646704

FORM 990, PART III, LINE 4

LAWRENCE & MEMORIAL HOSPITAL PROVIDES QUALITY MEDICAL CARE REGARDLESS OF RACE, CREED, SEX, NATIONAL ORIGIN, HANDICAP, AGE OR ABILITY TO PAY. ALTHOUGH REIMBURSEMENT FOR SERVICES RENDERED IS CRITICAL TO THE OPERATION AND STABILITY OF LAWRENCE & MEMORIAL HOSPITAL, WE RECOGNIZE THAT NOT ALL PERSONS HAVE THE ABILITY TO PURCHASE ESSENTIAL MEDICAL SERVICES; AND, FURTHER, WE BELIEVE THAT A PART OF OUR MISSION IS TO CARE FOR THE MEDICALLY UNDER-SERVED IN OUR COMMUNITY WITH RESPECT TO PROVIDING HEALTH CARE SERVICES AND HEALTH CARE EDUCATION. IN KEEPING WITH OUR HOSPITAL'S MISSION OF "IMPROVING THE HEALTH OF OUR REGION" AND OUR COMMITMENT TO SERVE ALL MEMBERS OF ITS COMMUNITY, WE PROVIDE:

- FREE CARE AND/OR SUBSIDIZED CARE.
- CARE PROVIDED TO PERSONS COVERED BY GOVERNMENT PROGRAMS AT BELOW COST.
- A BROAD RANGE OF HEALTH CARE ACTIVITIES, PROGRAMS AND SERVICES TO SUPPORT OUR COMMUNITY.
- A SPECIAL COMMUNITY OUTREACH PROGRAM.

THESE PROGRAMS WILL BE CONSIDERED WHERE THE NEED AND/OR AN INDIVIDUAL'S INABILITY TO PAY COEXIST. THESE ACTIVITIES INCLUDE WELLNESS PROGRAMS, EMERGENCY RESPONSE PROGRAMS, COMMUNITY HEALTH SCREENINGS, COMMUNITY EDUCATION PROGRAMS, SPECIAL PROGRAMS FOR THE ELDERLY, HANDICAPPED, AND THE MEDICALLY UNDER-SERVED, AND A VARIETY OF BROAD COMMUNITY SUPPORT ACTIVITIES.

Name of the organization LAWRENCE & MEMORIAL HOSPITAL	Employer identification number 06-0646704
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DURING THE YEAR ENDED SEPTEMBER 30, 2012, LAWRENCE & MEMORIAL HOSPITAL SERVED 14,942 HOSPITALIZED PATIENTS AND 185,194 PATIENT VISITS THROUGH OUR AMBULATORY PROGRAMS. IN ADDITION, 87,923 EMERGENCY CASES CAME THROUGH OUR EMERGENCY FACILITIES IN NEW LONDON (49,822) AND GROTON (38,101). SAME DAY SURGERIES ACCOUNTED FOR 7,324 PROCEDURES.

RECOGNIZING ITS MISSION TO THE COMMUNITY, LAWRENCE & MEMORIAL HOSPITAL PROVIDES CARE TO PERSONS COVERED BY FEDERAL AND STATE PROGRAMS AT OR BELOW COST. LAWRENCE & MEMORIAL HOSPITAL ALSO RECOGNIZES CHARITY CARE IN FULFILLING ITS MISSION TO THE ENTIRE COMMUNITY. CHARITY CARE IS ALSO PROVIDED THROUGH MANY REDUCED PRICE SERVICES AND FREE PROGRAMS OFFERED THROUGHOUT THE YEAR, BASED UPON ACTIVITIES AND SERVICES WHICH LAWRENCE & MEMORIAL HOSPITAL BELIEVES WILL SERVE A "BONA FIDE" COMMUNITY HEALTH CARE NEED.

OVERVIEW

=====

LAWRENCE & MEMORIAL HOSPITAL BELIEVES THAT MOTIVATION THROUGH EDUCATION IS A STRONG FORCE IN HELPING INDIVIDUALS PREVENT ILLNESSES AND MAKE INFORMED CHOICES ABOUT THEIR BODIES AND WHAT HAPPENS TO THEM. OUR APPROACH PROVIDES ACCURATE HEALTH INFORMATION THROUGH A VARIETY OF PROGRAMMING EFFORTS SO CONSUMERS FEEL A PART OF THE DECISION-MAKING PROCESS AND HAVE AN ACTIVE ROLE IN THOSE DECISIONS. AS A RESULT, LAWRENCE & MEMORIAL REMAINS AMONG CONNECTICUT'S MOST PRO-ACTIVE HOSPITALS

Name of the organization LAWRENCE & MEMORIAL HOSPITAL	Employer identification number 06-0646704
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IN OFFERING DIVERSIFIED AND BROAD-BASED COMMUNITY HEALTH EDUCATION PROGRAMS. THESE PROGRAMMING EFFORTS INCLUDE COMMUNITY LECTURES AT THE HOSPITAL, CABLE TV ACCESS PROGRAMMING, RELIABLE HEALTH INFORMATION WITH OVER 2,500 HEALTH-RELATED ARTICLES ON THE HOSPITAL'S WEB SITE (WWW.LMHOSPITAL.ORG), TOURS, SUPPORT GROUPS, COMMUNITY EDUCATIONAL PROGRAMS, PUBLIC SERVICE ANNOUNCEMENTS AND SCREENING AND HEALTH FAIRS, INCLUDING ONSITE VISITS TO LARGE AND SMALL COMPANIES.

LAWRENCE & MEMORIAL'S COMMUNITY OUTREACH PROGRAM HAS BEEN ABLE TO REACH A BROAD, CROSS-SECTION OF THE GREATER NEW LONDON COMMUNITY IN SOUTHEASTERN CONNECTICUT.

THE COMMUNITY CONTRIBUTIONS ALSO INCLUDE SOME UNMENTIONED COMMUNITY BENEFITS SUCH AS: ADMINISTRATIVE AND FINANCIAL SUPPORT, OFFICE SPACE AND A LIBRARY OF ACCESSIBLE RESOURCES TO LEADERSHIP WITHIN THE VARIOUS FAITH COMMUNITIES IN OUR REGION.

IN ADDITION, THERE ARE MANY COMMUNITY ORGANIZATIONS THAT WE SUPPORT AS PART OF BEING A GOOD NEIGHBOR AND TO RECOGNIZE THEIR EFFORTS IN OUR COMMUNITY.

FORM 990, PART VI, LINE 2

DANIEL RISSI, DONALD FELITTO, R. ALAN HUNTER, MAUREEN ANDERSON AND HENRY AMDUR SERVE ON THE BOARD OF L&M INDEMNITY, A RELATED ORGANIZATION.

FORM 990, PART VI, LINE 11A

Name of the organization LAWRENCE & MEMORIAL HOSPITAL	Employer identification number 06-0646704
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WORKING WITH A PAID PREPARER, A FORM 990 IS PREPARED. L&M HOSPITAL'S FORM 990 IS THEN REVIEWED BY THE HOSPITAL'S INTERNAL MANAGEMENT. THE COMPLETED FORM 990 IS PROVIDED TO ALL MEMBERS OF THE BOARD OF DIRECTORS PRIOR TO THE FORM BEING FILED WITH THE IRS.

FORM 990, PART VI, LINE 12

L&M HOSPITAL REQUIRES ALL BOARD MEMBERS, OFFICERS, AND KEY EMPLOYEES TO COMPLETE A CONFLICT OF INTEREST QUESTIONNAIRE. QUESTIONNAIRES ARE COMPLETED ANNUALLY AND ARE REVIEWED BY L&M HOSPITAL'S GENERAL COUNSEL. ANY ACTUAL OR POTENTIAL CONFLICTS DISCLOSED ARE PRESENTED TO THE BOARD. APPROPRIATE CORRECTIVE ACTIONS ARE DECIDED ON A CASE BY CASE BASIS.

FORM 990, PART VI, LINE 15

L&M HOSPITAL EXECUTIVE COMPENSATION COMMITTEE ANNUALLY REVIEWS THE SALARIES OF ITS EXECUTIVE MANAGEMENT. UTILIZING AN INDEPENDENT COMPENSATION CONSULTANT, THE EXECUTIVE COMPENSATION COMMITTEE APPROVES COMPENSATION. THE COMMITTEE'S DELIBERATIONS ARE REFLECTED IN ITS MINUTES. CEO'S COMPENSATION IS APPROVED BY THE FULL BOARD.

FORM 990, PART VI, LINE 19

THE ORGANIZATION MAKES GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE UPON REQUEST.

FORM 990, PART VII, SECTION A

HENRY AMDUR, MD IS COMPENSATED FOR SERVICES PROVIDED TO THE HOSPITAL AS

Name of the organization LAWRENCE & MEMORIAL HOSPITAL	Employer identification number 06-0646704
--	--

AN INDEPENDENT CONTRACTOR.

MARY ANN D. BENTZ, MD AND DONALD FELITTO ARE COMPENSATED AS MEDICAL STAFF AND NOT AS DIRECTORS.

ROBERT KELTNER IS COMPENSATED NOT AS MEDICAL STAFF OR AS DIRECTOR BUT HE IS COMPENSATED FOR SPECIALIZED ICU SERVICES AND SEVERAL OTHER SPECIALIZED SERVICES.

FORM 990, PART IX, LINE 25

FUNDRAISING EXPENSES ARE REPORTED ON FORM 990, PART IX FOR LAWRENCE & MEMORIAL HOSPITAL (EIN 06-0646704). CONTRIBUTIONS ARE REPORTED ON THE FORMS 990 FOR BOTH LAWRENCE & MEMORIAL HOSPITAL (EIN 06-0646704) AND LAWRENCE & MEMORIAL CORPORATION (EIN 22-2553028). ADDITIONAL CONTRIBUTIONS IN THE AMOUNT OF \$2,850,055 ARE REPORTED ON THE FORM 990 FOR LAWRENCE & MEMORIAL CORPORATION (EIN 22-2553028).

FORM 990, PART XI, LINE 5

UNREALIZED GAINS	\$13,181,327
REALIZED LOSSES	-389,807
PAYMENTS TO AFFILIATES	-\$25,044,178
CHANGE IN VALUE OF IRREVOCABLE TRUSTS	\$488,575
INCREASE IN FUNDS HELD IN TRUST BY OTHERS	\$354,949
CHANGE IN MINIMUM PENSION LIABILITY	-10,751,244

Name of the organization LAWRENCE & MEMORIAL HOSPITAL	Employer identification number 06-0646704
--	--

-\$22,160,378

FORM 990, SCHEDULE K, PART I, COLUMN (F)

NAME OF BOND: \$22,990,000 VAR. RATE DEMAND REV, BDS. LAWRENCE & MEMORIAL
HOSP. ISSUE, SERIES E REFUNDED 2004 ISSUE, WHICH REFUNDED 1998 ISSUE.

NAME OF BOND: \$58,940,000 FIXED RATE REV BONDS, SERIES F

THE PROCEEDS OF THE SERIES F BONDS WILL BE USED TO REFUND THE OUTSTANDING
AUTHORITY REVENUE BONDS, LAWRENCE & MEMORIAL HOSPITAL ISSUE, SERIES D
(THE "SERIES D BONDS") AND TO FUND ALL OR A PORTION OF THE FOLLOWING
CAPITAL PROJECTS:

- (1) REPLACEMENT OF A LINEAR ACCELERATOR ON THE MAIN CAMPUS OF THE
HOSPITAL.
- (2) CAPITAL IMPROVEMENTS FOR INFRASTRUCTURE RENOVATION AND IMPROVEMENT
ON THE MAIN CAMPUS, INCLUDING HEATING, VENTILATION, AND AIR
CONDITIONING PROJECT.
- (3) REPLACEMENT OF A CATHETERIZATION LAB AND EQUIPMENT ON THE MAIN
CAMPUS.
- (4) ACQUISITION OF APPROXIMATELY 100 ACRES OF LAND IN WATERFORD,
CONNECTICUT FOR DEVELOPMENT OF A NEW CANCER CENTER.
- (5) ACQUISITION AND INSTALLATION OF MAGNETIC RESONANCE IMAGING (MRI) AND
CT EQUIPMENT AT THE CROSSROADS FACILITY.

Name of the organization LAWRENCE & MEMORIAL HOSPITAL	Employer identification number 06-0646704
ATTACHMENT 1	

FORM 990, PART VII, COLUMN B - ESTIMATED AVERAGE PER WEEK

NAME AND TITLE	HOURS DEVOTED FOR RELATED ORGANIZATION
JAY E. ALLEN, DMD DIRECTOR	2.00
ULYSSES B. HAMMOND CHAIRMAN	2.00
R. ALAN HUNTER DIRECTOR	2.00
ROBERT KELTNER, MD DIRECTOR	2.00
MARILYNN MALERBA SECRETARY	2.00
GRANVILLE MORRIS VICE CHAIRMAN	2.00
LEON J. OLIVIER DIRECTOR	2.00
TONI HOOVER, PH.D. DIRECTOR	2.00
FRED A. CONTI, CPA TREASURER	2.00
KATHLEEN STEAMER, CPA DIRECTOR	2.00
CAROL O. RIDGEWAY DIRECTOR	2.00
SCOTT D. BATES DIRECTOR	2.00
MARY ELLEN JUKOSKI, EDD DIRECTOR	2.00
BRUCE D. CUMMINGS PRESIDENT / CEO	6.75
HENRY AMDUR, MD PAST PRESIDENT, MEDICAL STAFF	2.00
DONALD J. FELITTO, MD PRESIDENT, MEDICAL STAFF	2.00
DAVID F. REISFELD, MD VP, MED STAFF (AS OF 12/14/11)	38.00
B. MICHAEL RAUH, JR. DIRECTOR (AS OF 12/14/11)	2.00
LUGENE INZANA VP CHIEF FINANCIAL OFFICER	6.00
ATTORNEY MAUREEN ANDERSON ASSISTANT SECRETARY	4.00
DANIEL RISSI VP CHIEF MEDICAL OFFICER	4.00
KIMBERLY KALAJAINEN VP CHIEF INFORMATION OFFICER	2.00
PAMELA KANE VP PHYSICIANS PRACTICE	40.00

Name of the organization LAWRENCE & MEMORIAL HOSPITAL	Employer identification number 06-0646704
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ATTACHMENT 2990, PART VII- COMPENSATION OF THE FIVE HIGHEST PAID IND. CONTRACTORS

<u>NAME AND ADDRESS</u>	<u>DESCRIPTION OF SERVICES</u>	<u>COMPENSATION</u>
IPC HOSPITALISTS OF NEW ENGLAND P.C. PO BOX 92284 LOS ANGELES, CA 90009	HOSPITALISTS	1,333,456.
EASTERN CT CARDIOLOGY 196 PARKWAY SOUTH, SUITE 103 WATERFORD, CT 06385	MEDICAL DOCTORS	1,195,309.
ANESTHESIA ASSOCIATES OF NEW LONDON 365 MONTAUK AVENUE NEW LONDON, CT 06365	ANESTHESIOLOGISTS	734,687.
YANKEE REMODELER 95 TRUMAN STREET NEW LONDON, CT 06320	REMODELING COMPANY	1,220,770.
TOTAL LAUNDRY COLLABORATIVE, LLC 114 WOODLAND STREET HARTFORD, CT 06105	LAUNDRY SERVICES	936,857.
	TOTAL COMPENSATION	<u>5,421,079.</u>

**SCHEDULE R
 (Form 990)**

Department of the Treasury
 Internal Revenue Service

Name of the organization

LAWRENCE & MEMORIAL HOSPITAL

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
 ▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

2011

**Open to Public
 Inspection**

Employer identification number
 06-0646704

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) -----					
(2) -----					
(3) -----					
(4) -----					
(5) -----					
(6) -----					

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) LAWRENCE & MEMORIAL CORPORATION 365 MONTAUK AVENUE NEW LONDON, CT 06320 22-2553028	SUPPORT	CT	501 (C) (3)	11 TYPE I	N/A		X
(2) LAWRENCE & MEMORIAL FOUNDATION, INC. 365 MONTAUK AVENUE NEW LONDON, CT 06320 22-2553026	FUNDRAISING	CT	503 (C) (3)	PF	L&M CORP	X	
(3) L&M HEALTHCARE, INC. 365 MONTAUK AVENUE NEW LONDON, CT 06320 22-2553031	HEALTHCARE	CT	501 (C) (3)	9	L&M CORP	X	
(4) ASSOCIATED SPECIALISTS OF SE CT 404 THAMES STREET GROTON, CT 06340 20-8006123	PHYS PRACTICE	CT	501 (C) (3)	11 TYPE I	L&M HOSPITAL	X	
(5) VISITING NURSE ASSOCIATE OF SE CT 403 N FRONTAGE ROAD WATERFORD, CT 06385 06-0646616	HEALTHCARE	CT	501 (C) (3)	9	L&M CORP	X	
(6) L&M PHYSICIAN ASSOCIATION INC 365 MONTAUK AVENUE NEW LONDON, CT 06320 27-1094375	HEALTHCARE	CT	501 (C) (3)	11 TYPE I	L&M HOSPITAL	X	
(7) -----							

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule R (Form 990) 2011

Part III Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) -----												
(2) -----												
(3) -----												
(4) -----												
(5) -----												
(6) -----												
(7) -----												

Part IV Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) L&M SYSTEMS, INC. 365 MONTAUK AVENUE NEW LONDON, CT 06320 22-2553037	HEALTHCARE	CT	N/A	C			
(2) L&M HOMECARE SERVICES, INC. 365 MONTAUK AVENUE NEW LONDON, CT 06320 06-1389272	THERAPY	CT	N/A	C			
(3) L&M INDEMNITY PO BOX 1159 KY1-1102 GRAND CAYMAN, CAYMAN ISLANDS CJ 98-1021436	INSURANCE	CJ	N/A	C			
(4) CHARITABLE REMAINDER TRUSTS (3)	SUPPORT	CT	L&M HOSPITAL	TRUST			
(5) -----							
(6) -----							
(7) -----							

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35, 35a, or 36.)

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

		Yes	No
1	During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a	Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity		X
b	Gift, grant, or capital contribution to related organization(s)	X	
c	Gift, grant, or capital contribution from related organization(s)		X
d	Loans or loan guarantees to or for related organization(s)		X
e	Loans or loan guarantees by related organization(s)		X
f	Sale of assets to related organization(s)		X
g	Purchase of assets from related organization(s)	X	
h	Exchange of assets with related organization(s)		X
i	Lease of facilities, equipment, or other assets to related organization(s)		X
j	Lease of facilities, equipment, or other assets from related organization(s)		X
k	Performance of services or membership or fundraising solicitations for related organization(s)		X
l	Performance of services or membership or fundraising solicitations by related organization(s)		X
m	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)		X
n	Sharing of paid employees with related organization(s)		X
o	Reimbursement paid to related organization(s) for expenses		X
p	Reimbursement paid by related organization(s) for expenses	X	
q	Other transfer of cash or property to related organization(s)		X
r	Other transfer of cash or property from related organization(s)	X	
2	If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.		

	(a) Name of other organization	(b) Transaction type (a-f)	(c) Amount involved	(d) Method of determining amount involved
(1)	ASSOCIATED SPECIALISTS OF SE CT	B	1,723,846.	CASH
(2)	ASSOCIATED SPECIALISTS OF SE CT	O	28,786.	CASH
(3)				
(4)				
(5)				
(6)				

Part VI Unrelated Organizations Taxable as a Partnership (Complete if the organization answered "Yes" on Form 990, Part IV, line 37.)

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under section 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	
(1) _____													
(2) _____													
(3) _____													
(4) _____													
(5) _____													
(6) _____													
(7) _____													
(8) _____													
(9) _____													
(10) _____													
(11) _____													
(12) _____													
(13) _____													
(14) _____													
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Part VII **Supplemental Information**

Complete this part to provide additional information for responses to questions on Schedule R (see instructions).

Lawrence & Memorial Hospital
Consolidated Financial Statements and
Supplemental Information
September 30, 2012 and 2011

Lawrence & Memorial Hospital
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September 30, 2012 and 2011

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Report of Independent Auditors

To the Board of Trustees of
Lawrence & Memorial Hospital

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, changes in net assets, and cash flows present fairly, in all material respects, the financial position of Lawrence & Memorial Hospital (a subsidiary of Lawrence & Memorial Corporation, the "Hospital") at September 30, 2012 and 2011, and the results of their operations, their changes in net assets, and of their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These consolidated financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information, on pages 23 through 28, is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual organizations. Accordingly, we do not express an opinion on the financial position, results of operations, and changes in net assets, of the individual organizations. However, the consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, based on our audits is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

PricewaterhouseCoopers LLP

December 14, 2012

Lawrence & Memorial Hospital
Consolidated Balance Sheets
September 30, 2012 and 2011

	2012	2011
Assets		
Current assets		
Cash and cash equivalents	\$ 13,709,499	\$ 41,797,328
Investments	138,433,638	105,904,042
Patient accounts receivable, net of allowance for doubtful accounts of \$6,514,265 and \$7,135,219, respectively	28,946,593	30,483,331
Other receivables	17,488,730	3,998,458
Inventories	4,469,470	4,528,017
Due from affiliates	639,799	578,161
Prepaid expenses and other current assets	2,004,576	1,739,804
Debt service fund	1,307,110	1,109,892
Total current assets	206,999,415	190,139,033
Assets limited as to use		
Cash	180,789	179,900
Construction fund	-	8,427,695
Investments held in trust	971,261	11,241,951
Endowment investments	16,251,376	14,398,888
Funds held in trust by others	6,451,420	5,607,933
Contributions receivable	20,366	20,328
Funds held in escrow by agreement with State of Connecticut Health and Educational Facilities Authority and trustees	2,247,125	2,247,370
Total assets limited as to use	26,122,337	42,124,065
Deferred financing costs and other assets, net	1,857,504	1,938,833
Property, plant and equipment, net	134,926,548	120,976,861
	\$ 369,905,804	\$ 355,178,792
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 25,447,380	\$ 22,690,113
Accrued vacation and sick pay	12,283,930	11,705,811
Salaries, wages, payroll taxes and amounts withheld from employees	3,887,888	3,125,898
Due to affiliates	2,421,244	1,913,991
Due to third party payors	5,409,556	7,838,088
Current portion of long-term debt	2,762,007	2,976,493
Total current liabilities	52,212,005	50,250,394
Accrued pension and other postretirement benefits	51,185,800	43,423,221
Other liabilities	17,998,408	14,213,720
Long-term debt, less current portion	79,507,217	82,249,920
Total liabilities	200,903,430	190,137,255
Net assets		
Unrestricted	143,045,328	141,738,900
Temporarily restricted	20,092,239	17,792,779
Permanently restricted	5,864,807	5,509,858
Total net assets	169,002,374	165,041,537
	\$ 369,905,804	\$ 355,178,792

The accompanying notes are an integral part of these consolidated financial statements.

Lawrence & Memorial Hospital
Consolidated Statements of Operations
Years Ended September 30, 2012 and 2011

	2012	2011
Unrestricted revenues, gains and other support		
Net revenues from services to patients	\$ 329,278,379	\$ 325,275,690
Other operating revenues	11,277,917	11,091,202
Net assets released from restriction used for operations	<u>449,575</u>	<u>394,829</u>
Total unrestricted revenues, gains and other support	<u>341,005,871</u>	<u>336,761,721</u>
Expenses		
Salaries and wages	152,912,737	149,953,412
Employee benefits	42,122,837	41,985,784
Supplies	46,248,498	45,904,757
Purchased services	24,623,743	23,474,674
Other	28,877,147	29,046,249
Interest	2,315,992	2,212,181
Depreciation and amortization	18,825,589	17,199,566
Bad debts	<u>12,114,319</u>	<u>14,356,474</u>
Total expenses	<u>328,040,862</u>	<u>324,133,097</u>
Income from operations	<u>12,965,009</u>	<u>12,628,624</u>
Nonoperating gains		
Unrestricted investment income	160,370	171,387
Income from investments	4,424,194	5,993,369
Loss on refinancing of debt	<u>-</u>	<u>(2,026,984)</u>
Total nonoperating gains	<u>4,584,564</u>	<u>4,137,772</u>
Excess of revenues over expenses	17,549,573	16,766,396
Transfers to affiliated entity	(16,931,534)	(12,670,075)
Net unrealized gains/(losses) on investments	11,303,455	(6,282,024)
Net assets released from restriction used for purchase of property, plant and equipment	136,178	176,082
Pension - related changes other than periodic pension costs	<u>(10,751,244)</u>	<u>5,839,963</u>
Increase in unrestricted net assets	<u>\$ 1,306,428</u>	<u>\$ 3,830,342</u>

The accompanying notes are an integral part of these consolidated financial statements.

Lawrence & Memorial Hospital
Consolidated Statements of Changes in Net Assets
Years Ended September 30, 2012 and 2011

	2012	2011
Unrestricted net assets		
Excess of revenues over expenses	\$ 17,549,573	\$ 16,766,396
Transfer (to)/from affiliated entities	(16,931,534)	(12,670,075)
Net unrealized gains/(losses) on investments	11,303,455	(6,282,024)
Net assets released from restrictions used for purchase of property, plant and equipment	136,178	176,082
Pension – related changes other than periodic pension costs	<u>(10,751,244)</u>	<u>5,839,963</u>
Increase in unrestricted net assets	1,306,428	3,830,342
Unrestricted net assets		
Beginning of year	<u>141,738,900</u>	<u>137,908,558</u>
End of year	<u>\$ 143,045,328</u>	<u>\$ 141,738,900</u>
Temporarily restricted net assets		
Income from investments	\$ 357,100	\$ 321,776
Net assets released from restrictions	(585,753)	(570,911)
Contributions received	161,666	229,693
Change in value of irrevocable trust	488,575	(152,473)
Net realized and unrealized gains/(losses) on investments	<u>1,877,872</u>	<u>(286,646)</u>
Increase/(decrease) in temporarily restricted net assets	2,299,460	(458,561)
Temporarily restricted net assets		
Beginning of year	<u>17,792,779</u>	<u>18,251,340</u>
End of year	<u>\$ 20,092,239</u>	<u>\$ 17,792,779</u>
Permanently restricted net assets		
Change in value of funds held in trust by others	<u>\$ 354,949</u>	<u>\$ (140,467)</u>
Increase/(Decrease) in permanently restricted net assets	354,949	(140,467)
Permanently restricted net assets		
Beginning of year	<u>5,509,858</u>	<u>5,650,325</u>
End of year	<u>\$ 5,864,807</u>	<u>\$ 5,509,858</u>
Increase in net assets	<u>\$ 3,960,837</u>	<u>\$ 3,231,314</u>

The accompanying notes are an integral part of these consolidated financial statements.

Lawrence & Memorial Hospital
Consolidated Statements of Cash Flows
Years Ended September 30, 2012 and 2011

	2012	2011
Cash flows from operating activities		
Change in net assets	\$ 3,960,837	\$ 3,231,314
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	18,825,589	17,199,566
Receipt of contributed securities	(845,675)	(169,303)
Net unrealized and realized (gain)losses/ on investments	(12,785,921)	7,312,953
Provision for bad debts	12,114,319	14,356,474
(Increase)/decrease in funds held in trust by others	(843,487)	268,116
(Increase)/decrease in contributions receivable	(38)	25,764
Changes in other operating accounts		
Patient accounts receivable, net	(10,577,581)	(13,897,544)
Other receivables, net	(13,490,272)	1,766,753
Inventories	58,547	(731,931)
Due from affiliates	(61,638)	5,665,315
Prepaid expenses and other current assets	(264,772)	(115,191)
Deferred financing costs and other assets	81,329	(608,468)
Accounts payable	4,239,453	3,283,709
Accrued vacation and sick pay	578,119	485,356
Salaries, wages, payroll taxes and amounts withheld from employees	761,990	(1,897,321)
Due to affiliates	507,253	(2,850,156)
Due to third party payors	(2,428,532)	(721,022)
Pension, postretirement and other liabilities	11,547,267	(6,773,827)
Net cash provided by operating activities	<u>11,376,787</u>	<u>25,830,557</u>
Cash flows from investing activities		
Purchase of property, plant and equipment, net	(34,257,462)	(29,122,958)
Purchase of investments	(66,467,708)	(81,028,014)
Sales of investments	63,569,041	67,264,473
(Increase)Decrease in debt service fund	(197,218)	138,140
Income from temporarily and permanently restricted investments	845,675	169,303
Decrease in funds held in escrow	245	4,908,797
Net cash (used in) investing activities	<u>(36,507,427)</u>	<u>(37,670,259)</u>
Cash flows from financing activities		
Principal payments of long term debt	(2,957,189)	(2,926,158)
Proceeds of long term debt	-	23,402,948
Net cash provided by/(used in) financing activities	<u>(2,957,189)</u>	<u>20,476,790</u>
Net increase in cash and cash equivalents	(28,087,829)	8,637,088
Cash and cash equivalents		
Beginning of year	<u>41,797,328</u>	<u>33,160,240</u>
End of year	<u>\$ 13,709,499</u>	<u>\$ 41,797,328</u>
Supplemental disclosure of noncash activities		
Construction in process included in accounts payable	<u>\$ 3,126,751</u>	<u>\$ 1,644,565</u>
Contributed securities	<u>\$ 845,675</u>	<u>\$ 169,303</u>

The accompanying notes are an integral part of these consolidated financial statements.

Lawrence & Memorial Hospital

Notes to Consolidated Financial Statements

September 30, 2012 and 2011

1. Significant Accounting Policies and Organization

Organization

Lawrence & Memorial Hospital (the "Hospital"), a nonprofit organization incorporated under the General Statutes of the State of Connecticut, is a wholly-owned subsidiary of Lawrence & Memorial Corporation (the "Corporation"). The Board of the Corporation elects a Board of Directors who manages the property and affairs of the Hospital.

Principles of Consolidation

The consolidated financial statements include the accounts of the Hospital and its wholly owned subsidiary, Associated Specialists of Southeastern Connecticut, Inc. ("Associated Specialists"). All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying footnotes. Actual results could differ from those estimates and there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The Hospital's significant estimates include the collectibility of patient accounts receivable, useful lives of fixed assets, estimated settlements due to third party payors, estimated reserves for self-insurance liabilities, and benefit plan assumptions.

Regulatory Matters

The Hospital is required to file annual operating information with the State of Connecticut Office of Health Care Access ("OHCA").

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific time frame or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Hospital and its subsidiary in perpetuity or in funds held in trust by others whose purpose is for the funds to be maintained in perpetuity.

Donor Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions. Donor restricted contributions whose restrictions are met within the same year as received are recorded as unrestricted contributions in the accompanying consolidated statements of operations.

Cash and Cash Equivalents

The Hospital and its subsidiary consider all highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents.

Lawrence & Memorial Hospital

Notes to Consolidated Financial Statements

September 30, 2012 and 2011

Investments

Investments in equity and debt securities are recorded at fair value in the balance sheet. Fair value is generally determined based on quoted market prices. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are included in the change in net assets.

Realized and unrealized gains and losses on donor restricted endowment funds are included in temporarily restricted net assets under State law which allows the Board to appropriate as much of the net appreciation of investments as is prudent considering the Hospital's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends and general economic conditions.

Investments in limited liability companies are accounted for using the equity method in instances where the limited partner's interest is more than minor (3-5%).

Fair Value Measurements

Fair value guidance establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entities own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The guidance describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the Hospital for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

- Level 1 – Quoted prices in active markets for identical assets.
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets in active markets, quoted prices in markets that are not active, or can be corroborated by observable market data for substantially the same term of the assets.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets.

Assets Held in Trust by Others

The Hospital has been named sole or participating beneficiary in several perpetual and charitable remainder trusts. Under the terms of these trusts, the Hospital has the irrevocable right to receive the income earned on the trust assets in perpetuity from the perpetual trusts and to receive the remainder of the trust assets for the charitable remainder trusts. For perpetual trusts, the estimated present value of the future payments to the Hospital is recorded at the fair value of the assets held in the trust. The charitable remainder trusts are recorded at the present value of the estimated future distributions expected to be received over the expected term of the trust agreement. The Hospital uses appropriate credit adjusted rates.

Lawrence & Memorial Hospital

Notes to Consolidated Financial Statements

September 30, 2012 and 2011

Assets Limited as to Use

Assets limited as to use include assets set aside by the Board of Directors to fund the deductible portion of malpractice insurance coverage (maintained in an irrevocable trust), contribution receivables and for the established purpose of providing for future improvement, expansion and replacement of plant and equipment. In addition, funds held in trust by others, unexpended bond proceeds for construction purposes, and assets held by trustees under indenture agreements relating to financing activities with the State of Connecticut Health and Education Facilities Authority ("CHEFA") are also included therein.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost, or, if received as a donation, at the fair value on the date received. The Hospital provides for depreciation of property, plant and equipment using the straight-line method in amounts sufficient to amortize the cost of its assets over their useful lives. American Hospital Association lives are generally used and provide for a 2-25 year life for land improvements, 5-50 year life for buildings and 2-25 year life for equipment. Lease improvements are amortized over the life of the lease.

Nonoperating Gains and Losses

Activities other than in connection with providing health care services are considered to be nonoperating.

Excess of Revenues Over Expenses

The consolidated statements of operations includes excess of revenues over expenses. Changes in unrestricted net assets which are excluded from the excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments, permanent transfers of assets to and from affiliates for other than goods and services, contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets), and pension-related charges other than periodic pension costs and other postretirement benefits liabilities.

Fair Value of Financial Instruments

Certain investments and other assets and liabilities are carried at amounts that approximate fair value based on current market conditions. The fair value of long-term debt is estimated based on the quoted market prices for the same or similar issues or on current rates offered to the Hospital for debt of the same remaining maturities.

Benefit Plans

The Hospital has a defined benefit plan and a defined contribution plan (see Note 8).

Medical Malpractice Self-Insurance

The Hospital purchases claims made-based professional and general liability insurance to cover medical malpractice claims from L & M Indemnity, Ltd. The Hospital has adopted the policy of self-insuring the tail coverage portion of its malpractice insurance coverage. Management has accrued the estimate of losses anticipated to be incurred.

Income Taxes

The Hospital and its wholly owned subsidiary, Associated Specialists are not-for-profit organizations and are exempt from federal income taxes on related income under Section 501(c) (3) of the Internal Revenue Code.

Lawrence & Memorial Hospital
Notes to Consolidated Financial Statements
September 30, 2012 and 2011

Inventories

Inventory consists of supplies, both medical and general pharmaceuticals and food products needed to sustain daily operation of patient care. Inventories are carried at the lower of cost or market under the first-in-first-out (FIFO) method.

Impairment of Long-Lived Assets

Long-lived assets to be held and used are reviewed for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to dispose.

Accrued Vacation and Sick Pay

Accrued vacation is recorded as a liability as time is earned. As the time is used, the time is relieved from the liability. Accrued sick time is recorded as a percent for employees who have a balance greater than or equal to 800 hours. This payout is only upon termination of employment.

Subsequent Events

The Hospital has performed an evaluation of subsequent events through December 14, 2012, which is the date the financial statements were issued.

2. Revenues from Services to Patients and Charity Care

The following summarizes net revenues from services to patients:

	2012	2011
Gross charges from services to patients	\$ 704,064,528	\$ 666,081,059
Less: Charity care	5,735,971	6,368,501
Charges from services to patients, net of charity care	<u>698,328,557</u>	<u>659,712,558</u>
Deductions		
Allowances	371,629,305	336,363,800
State of Connecticut uncompensated care system (receipts)	<u>(2,579,127)</u>	<u>(1,926,932)</u>
Total deductions	<u>369,050,178</u>	<u>334,436,868</u>
Net revenues from services to patients	<u>\$ 329,278,379</u>	<u>\$ 325,275,690</u>

Patient accounts receivable and revenues are recorded when patient services are performed. Amounts received from most payors are different from established billing rates of the Hospital, and these differences are accounted for as allowances. The Hospital receives cash from the State of Connecticut Uncompensated Care Pool. The Hospital records this as an increase to their net revenues from services to patients.

Net patient service revenue is reported at the estimated net realizable amounts from patients, third party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Adjustments related to prior year settlements increased the Hospital's revenues by approximately \$4,271,085 and \$3,852,000 in 2012 and 2011, respectively.

Lawrence & Memorial Hospital
Notes to Consolidated Financial Statements
September 30, 2012 and 2011

During 2012 and 2011, approximately 33% and 32%, respectively, of net patient service revenue was received under the Medicare program, and 11% and 12%, respectively, under the state Medicaid program. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Hospital believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. Changes in the Medicare and Medicaid programs and reductions of funding levels could have an adverse impact on the Hospital.

The Hospital accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to the established policies of the Hospital. Essentially, these policies define charity services as those services for which no payment is anticipated. In assessing a patient's inability to pay, the Hospital utilizes the generally recognized federal poverty income guidelines, but also includes certain cases where incurred charges are significant when compared to income. These charges are not included in net patient service revenues for financial reporting purposes.

3. Investments

Investments at September 30 consist of:

	2012	2011
Pooled endowment funds		
Cash and cash equivalents	\$ 311,567	\$ 249,730
Bonds	3,160,572	2,593,730
Hedge funds	4,181,924	3,885,010
Private equities	39,230	-
Marketable equities	7,550,356	7,670,418
Other investments	1,007,727	-
Total pooled endowment funds	<u>16,251,376</u>	<u>14,398,888</u>
Investments held in trust by others		
Cash and cash equivalents	1,280,176	140,077
Bonds	1,838,337	2,814,055
Marketable equities	2,901,652	2,389,834
Other investments	431,255	263,967
Total investments held in trust by others	<u>6,451,420</u>	<u>5,607,933</u>
Other investments		
Cash and cash equivalents	1,195,140	1,225,923
Bonds	42,457,428	23,780,506
Hedge funds	41,256,677	38,360,365
Private equities	375,256	80,000
Other investments	14,306	14,117
Marketable equities	53,134,831	42,443,131
Total other investments	<u>138,433,638</u>	<u>105,904,042</u>
	<u>\$ 161,136,434</u>	<u>\$ 125,910,863</u>

Lawrence & Memorial Hospital
Notes to Consolidated Financial Statements
September 30, 2012 and 2011

The Hospital's financial instrument categorization is based upon the lowest level of input that is significant to the fair value measurement within the valuation hierarchy. The following table presents the financial instruments carried at fair value using the valuation hierarchy:

	2012			Total Fair Value
	Level 1	Level 2	Level 3	
Pooled endowment funds				
Cash and cash equivalents	\$ 311,567	\$ -	\$ -	\$ 311,567
Bonds	3,160,572	-	-	3,160,572
Hedge funds	-	-	4,181,924	4,181,924
Private equities	-	-	39,230	39,230
Marketable equities	7,550,356	-	-	7,550,356
Other investments	1,007,727	-	-	1,007,727
Total pooled endowment funds	12,030,222	-	4,221,154	16,251,376
Held in trust by others				
Cash and cash equivalents	-	-	1,280,176	1,280,176
Bonds	-	-	1,838,337	1,838,337
Marketable equities	-	-	-	-
Other investments	-	-	3,332,907	3,332,907
Total held in trust by others	-	-	6,451,420	6,451,420
Other investments				
Cash and cash equivalents	1,195,140	-	-	1,195,140
Bonds	42,457,428	-	-	42,457,428
Hedge funds	-	-	41,256,677	41,256,677
Private equities	-	-	375,256	375,256
Marketable equities	53,134,831	-	-	53,134,831
Other investments	-	-	14,306	14,306
Total other investments	96,787,399	-	41,646,239	138,433,638
	<u>\$ 108,817,621</u>	<u>\$ -</u>	<u>\$ 52,318,813</u>	<u>\$ 161,136,434</u>

Lawrence & Memorial Hospital
Notes to Consolidated Financial Statements
September 30, 2012 and 2011

	2011			Total Fair Value
	Level 1	Level 2	Level 3	
Pooled endowment funds				
Cash and cash equivalents	\$ 249,730	\$ -	\$ -	\$ 249,730
Bonds	2,593,731	-	-	2,593,731
Hedge funds	-	-	3,805,010	3,805,010
Private equities	-	-	80,000	80,000
Marketable equities	7,670,418	-	-	7,670,418
Total pooled endowment funds	10,513,879	-	3,885,010	14,398,889
Held in trust by others				
Cash and cash equivalents	-	-	140,077	140,077
Bonds	-	-	2,814,054	2,814,054
Marketable equities	-	-	2,653,801	2,653,801
Total held in trust by others	-	-	5,607,932	5,607,932
Other investments				
Cash and cash equivalents	1,225,923	-	-	1,225,923
Bonds	23,780,506	-	-	23,780,506
Hedge funds	-	-	38,440,365	38,440,365
Marketable equities	42,443,929	-	-	42,443,929
Other investments	-	-	13,319	13,319
Total other investments	67,450,358	-	38,453,684	105,904,042
	<u>\$ 77,964,237</u>	<u>\$ -</u>	<u>\$ 47,946,626</u>	<u>\$ 125,910,863</u>

Fair value for Level 1 is based upon quoted prices in active markets that the Hospital has the ability to access at the measurement date. Market price data is generally obtained from exchange or dealer markets. The Hospital does not adjust the quoted price for such assets.

Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers and brokers.

Fair value for Level 3 is based on valuation techniques that use significant inputs that are unobservable as they trade infrequently or not at all and reflect assumptions based on the best information available in the circumstances.

Investments included in Level 3 primarily consist of the Hospital's ownership in alternative investments (principally limited partnership interests in hedge funds). The value of these alternative investments represents the ownership interest in the net asset value ("NAV") of the respective partnership. The fair values of the securities held by limited partnerships that do not have readily determinable fair values are determined by the general partner and are based on appraisals, or other estimates that require varying degrees of judgment. If no public market exists for the investment securities, the fair value is determined by the general partner taking into consideration, among other things, the cost of the securities, prices of recent significant placements of securities of the same issuer, and subsequent developments concerning the companies to which the securities relate. Also included in Level 3 investments are charitable remainder trusts held by third parties which are recorded at the present value of the future distributions expected to be received over the term of the agreement.

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The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Hospital believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table is a roll forward of the amounts by investment type for financial instruments classified by the Hospital within Level 3 of the fair value hierarchy defined above:

	Beginning October 1, 2011	Investment Income	Realized Gains	Unrealized Gains	Investment Fees	Purchases	Sales	Ending September 30, 2012
Investment pool								
Hedge funds	\$ 42,245,375	\$ 315,117	\$ 1,706,475	\$ 1,268,206	\$ (146,707)	\$ 9,810,217	\$ (9,760,082)	\$ 45,438,601
Private equities	\$ 80,000	\$ -	\$ -	\$ -	\$ -	\$ 334,486	\$ -	\$ 414,486
Funds held in trust	5,607,932	-	-	843,488	-	-	-	6,451,420
Total	\$ 47,933,307	\$ 315,117	\$ 1,706,475	\$ 2,111,694	\$ (146,707)	\$ 10,144,703	\$ (9,760,082)	\$ 52,304,507

	Beginning October 1, 2010	Investment Income	Realized Gains	Unrealized (Losses)	Investment Fees	Purchases	Sales	Ending September 30, 2011
Investment pool								
Hedge funds	\$ 39,948,468	\$ 274,823	\$ 290,825	\$ (158,547)	\$ (99,615)	\$ 1,989,421	\$ -	\$ 42,245,375
Private equities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,000	\$ -	\$ 80,000
Funds held in trust	5,876,049	-	-	(268,117)	-	-	-	5,607,932
Total	\$ 45,824,517	\$ 274,823	\$ 290,825	\$ (426,664)	\$ (99,615)	\$ 2,069,421	\$ -	\$ 47,933,307

A summary of the pooled endowment investment return is presented below:

	2012	2011
Investment income	\$ 268,586	\$ 304,147
Realized and unrealized gains/(losses)	1,877,871	(286,648)
Management fees and other costs	(27,226)	(35,237)
Total return on pooled endowment investments	\$ 2,119,231	\$ (17,738)

Following is additional information related to funds whose fair value is not readily determinable as of September 30, 2012.

Strategy	Fair Value	# of Investments	Remaining Life	\$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Redemption Terms	Redemption Restrictions	Restrictions in Place at Year End
Equity securities	\$ 9,875,245	1	N/A	\$ -	No remaining commitments	Monthly with 10 day's notice	None	None
Absolute return	12,606,973	1	N/A	-	No remaining commitments	Annual with 90 day's notice	lock up provision of 12 months from the purchase date	None
Directional hedge	18,417,344	1	N/A	-	No remaining commitments	Quarterly with 60 day's notice	lock up provision of 25 months from the purchase date	None
Commodities	4,539,039	1	N/A	-	No remaining commitments	Monthly with 5 day's notice	None	None
Private equity	414,486	2	N/A	1,736,155	Illiquid long term 5 years	None	None	None
	\$ 45,853,087							

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4. Endowments

The Hospital's endowment consists of donor restricted endowment funds for a variety of purposes. The net assets associated with endowment funds including funds designated by the Board of Directors to function as endowments are classified and reported based on the existence or absence of donor imposed restrictions.

The Hospital understands net asset classification guidance requires that donor restricted endowment gifts be maintained in perpetuity. Consistent with net asset classification guidance, the Hospital classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure. The Hospital considers the following factors in making a determination to appropriate or accumulate endowment funds:

- The duration and preservation of the fund.
- The purposes of the Hospital and donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Hospital.
- The investment policies of the Hospital.

Changes in endowment net assets for year ended September 30:

	2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets at beginning of year	\$ -	\$ 11,788,979	\$ 2,839,683	\$ 14,628,662
Investment return				
Investment income	-	91,840	-	91,840
Net realized and unrealized gain/(losses)	-	1,877,872	-	1,877,872
Total investment return	-	1,969,712	-	1,969,712
Income distribution	-	(125,255)	-	(125,255)
Endowment net assets at end of year	\$ -	\$ 13,633,436	\$ 2,839,683	\$ 16,473,119

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	2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets at beginning of year	\$ -	\$ 12,134,604	\$ 2,839,683	\$ 14,974,287
Investment return				
Investment income	-	114,203	-	114,203
Net realized and unrealized (losses)/gains	-	(286,646)	-	(286,646)
Total investment return	-	(172,443)	-	(172,443)
Income distribution	-	(173,182)	-	(173,182)
Endowment net assets at end of year	\$ -	\$ 11,788,979	\$ 2,839,683	\$ 14,628,662

The portion of perpetual endowment funds retained permanently either by explicit donor stipulation or by net asset classification guidance is summarized as follows:

	2012	2011
Temporarily restricted net assets		
Unspent income and appreciation on permanently restricted endowments for purchase of equipment and healthcare services	\$ 13,633,436	\$ 11,788,979
Total endowment funds classified as temporarily restricted net assets	\$ 13,633,436	\$ 11,788,979
Permanently restricted net assets		
Corpus of permanently restricted contributions for purchase of equipment and healthcare services	\$ 2,839,683	\$ 2,839,683
Total endowment funds classified as permanently restricted net assets	\$ 2,839,683	\$ 2,839,683

Endowment Funds With Deficits

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficit). When donor endowment deficits exist they are classified as a reduction of unrestricted net assets.

Endowment Investment Return Objectives and Risk Parameters

The Hospital has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the permanent nature of endowment funds. Under this policy, the return objective for the endowment assets measured over a full market cycle shall be to maximize the return against a blended index, based on the endowment's target asset allocation applied to the appropriate individual benchmarks.

Strategies Employed for Achieving Endowment Investment Objectives

To achieve its long-term rate of return objectives, the Hospital relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The Hospital targets a diversified asset allocation to achieve its long-term objectives within prudent Hospital risk constraints.

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Endowment Spending Allocation and Relationship of Spending Policy to Investment Objectives

Spending is guided by several factors most important is the value of the portfolio. Generally, the Board will approve a spending policy limiting annual expenditures for grants and operating expenses up to 4.5% of the value of the Funds' assets based on a 12 quarter rolling average for the endowment, Kitchings and operating funds. The Hospital will designate the spending amount on an as-needed basis for the special account.

Investment managers are given ample notice of the required withdrawal schedule. Appropriate liquidity is maintained to fund these withdrawals without impairing the investment process.

5. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at September 30:

	2012	2011
Funds held in trust by others	\$ 3,448,102	\$ 2,959,565
Contributions receivable	20,366	20,328
Free beds and plant replacement and expansion	13,633,436	11,788,979
Specific purpose reserves	2,990,335	3,023,907
	<u>\$ 20,092,239</u>	<u>\$ 17,792,779</u>

Permanently restricted net assets at September 30 are restricted to:

	2012	2011
Funds held in trust by others	\$ 3,025,124	\$ 2,670,175
Donor restricted endowment funds	2,839,683	2,839,683
	<u>\$ 5,864,807</u>	<u>\$ 5,509,858</u>

6. Property, Plant and Equipment

Property, plant and equipment consists of the following:

	2012	2011
Land and land improvements	\$ 6,573,393	\$ 6,506,216
Buildings	114,978,768	111,446,370
Equipment	215,747,098	203,329,727
	<u>337,299,259</u>	<u>321,282,313</u>
Less: Accumulated depreciation	<u>(224,709,996)</u>	<u>(210,414,909)</u>
	112,589,263	110,867,404
Construction in progress (estimated cost to complete at September 30, 2012 is \$53,058,174)	22,337,285	10,109,457
	<u>\$ 134,926,548</u>	<u>\$ 120,976,861</u>

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7. Long-Term Debt

	2012	2011
CHEFA Series F Revenue Bonds		
Various rate bonds, due 2012 to 2026	\$ 36,250,000	\$ 39,135,000
5.0% Term Bonds, due 2027 to 2031	8,705,000	8,705,000
5.0% Term Bonds, due 2032 to 2036	11,100,000	11,100,000
CHEFA Series E revenue bonds		
Variable rate bonds, due 2023-2034	22,990,000	22,990,000
Capital lease obligation	448,826	405,373
Total long-term debt outstanding	<u>79,493,826</u>	<u>82,335,373</u>
Less: Amounts classified as current	2,762,007	2,976,493
Add: Bond premium	2,775,398	2,891,040
Total long-term portion of long-term debt	<u>\$ 79,507,217</u>	<u>\$ 82,249,920</u>

On September 15, 2011 CHEFA issued \$58,940,000 of Series F Bonds (the "Series F Bonds") on behalf of the Hospital and the Corporation (collectively referred to as the "Obligated Group" under the Series F Bond agreements). The Series F Bonds are structured with a term bond due July 1, 2036, with annual sinking fund payments due each July 1st commencing July 1, 2012. Interest on the Series F Bonds is payable semiannually on the first business day of January 1 and July 1 beginning January 1, 2012.

The proceeds of the Series F Bonds will be used to refund the outstanding Authority Revenue Bonds, Lawrence & Memorial Hospital Issue, Series D (the "Series D Bonds") and to fund all or a portion of the following capital projects: (i) replacement of a linear accelerator on the main campus of the Hospital; (ii) capital improvements for infrastructure renovation and improvement on the main campus, including heating, ventilation, and air conditioning project; (iii) replacement of a catheterization lab and equipment on the main campus; (iv) acquisition of approximately 100 acres of land in Waterford, Connecticut for development of a new cancer center ; and (v) acquisition and installation of Magnetic Resonance Imaging ("MRI") and CT equipment at the Crossroads facility

On June 24, 2004 CHEFA issued \$22,990,000 of Series E Bonds (the "Series E Bonds") on behalf of the Hospital and Lawrence & Memorial Corporation (collectively referred to as the "Obligated Group" under the Series E Bond agreement). The Series E Bonds are structured with a term bond due July 1, 2034, with annual sinking fund payments due each July 1st commencing July 1, 2023. Interest on the Series E Bonds accrues at the weekly rate and is payable on the first business day of each month commencing July 1, 2004.

The proceeds of the Series E Bonds were used to finance the acquisition, construction, capital improvements, renovation, and/or equipping of the expansion of the Hospital's Pequot Health Center, including a new 37,000 square foot building addition to house an ambulatory surgery unit, MRI series, and mobile medical technologies. The proceeds were also used to fund the debt service reserve fund and costs related to the issuance and interest related to the Series E Bonds. Under the terms of the trust indenture for the Series E Bonds, the Obligated Group is required to meet certain financial covenants including a debt service coverage ratio and days cash on hand ratio. Members of the Obligated Group are jointly and severally obligated to provide amounts

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sufficient to enable the Authority to pay principal and interest on the Series E Bonds. The Bonds and bond proceeds have been allocated to the Hospital and as such, the Hospital will make future debt service payments as required under the terms of the bonds.

The bonds may be retired at an earlier date pursuant to terms of the master indenture. Payment of the bonds is collateralized by a pledge of the gross receipts, as defined and certain real property of the Hospital.

Effective January 16, 2008, the Hospital refinanced its CHEFA Series E bonds with JPMorgan Chase Bank, N.A. This reoffering does not update information contained in the original official statement but provides a new letter of credit, which expires in January 2013.

The Series E Bonds are considered variable rate demand bonds and are remarketed on a weekly basis. If the bonds are unable to be remarketed, the letter of credit could be utilized to purchase the bonds. The Obligated Group would then be subject to the payment terms of the letter of credit, which are equal quarterly installments beginning in the first quarter that is at least 367 days after the initial draw down on the letter of credit. The Series E Bonds have been successfully remarketed and there have been no draws on the letter of credit.

In accordance with the long-term loan agreement with CHEFA, certain trusteed funds are required to be maintained. These funds provide for debt service and other related payments. The income derived from these funds is required to be reinvested in the trusteed funds and is not available for current operating purposes.

The agreements will remain in force until principal and interest on the bonds and any other costs of the Authority with respect to the project have been fully paid or provided for. Annual payments due under the loan agreements include interest on the outstanding bonds.

The fair value of the Series E Bonds, using discounted cash flow analyses approximates carrying value at September 30, 2012 and 2011. The fair value of the Series 2011F Bonds using discounted cash flows was \$62,036,108.50 and \$58,940,000.00 for years ending September 30, 2012 and September 30, 2011 respectively

Principal repayments on the CHEFA bonds are as follows:

Years	Annual Principal Repayment
2013	\$ 2,625,000
2014	2,725,000
2015	2,835,000
2016	2,975,000
2017 and thereafter	67,885,000
	<u>\$ 79,045,000</u>

The Hospital made cash interest payments of \$2,118,293 and \$2,178,800 in fiscal year 2012 and 2011, respectively. No interest was capitalized during 2012 or 2011.

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8. Pension and Other Postretirement Benefits

The Hospital has a defined benefit plan covering all employees who elected to stay in the Plan. The Plan is frozen to new participants as of June 30, 1999. The benefits are based on years of service and the employee's compensation during the last five years of employment. Assets of the Plan include mutual funds, marketable equity securities, corporate and government bonds, notes and hedge funds. The investments have been selected to generate a return on the investments and protect the principal.

The Hospital provides health care and life insurance benefits to its retired employees who meet certain eligibility requirements. The Hospital's policy is to fund the cost of postretirement benefits other than pension as incurred. This plan was frozen to include only those employees who retired prior to May 1, 1994.

The following table sets forth the Plans' funded status and amounts recognized in the consolidated statements of financial position at September 30, 2012 and 2011 (measurement date of September 30):

	Pension Benefits		Other Postretirement Benefits	
	2012	2011	2012	2011
Change in benefit obligation				
Benefit obligation at beginning of year	\$ 126,663,537	\$ 131,200,922	\$ 1,167,001	\$ 1,277,520
Service cost	1,555,388	1,941,270	-	-
Interest cost	6,610,881	6,505,871	59,302	59,018
Employee contributions	118,336	163,401	-	-
Benefits paid	(6,214,539)	(5,255,985)	(124,024)	(120,183)
Actuarial loss/(gain)	18,467,849	(7,891,942)	186,929	(49,354)
Benefit obligation at end of year	<u>147,201,452</u>	<u>126,663,537</u>	<u>1,289,208</u>	<u>1,167,001</u>
Change in plan assets				
Fair value of plan assets at beginning of year	85,487,585	81,387,819	-	-
Actual return on plan assets	11,886,927	2,092,350	-	-
Employee contributions	118,336	163,401	-	-
Employer contributions	7,020,000	7,100,000	124,024	120,183
Benefits paid	(6,214,539)	(5,255,985)	(124,024)	(120,183)
Fair value of plan assets at end of year	<u>98,298,309</u>	<u>85,487,585</u>	<u>-</u>	<u>-</u>
Funded status of the plan	<u>(48,903,143)</u>	<u>(41,175,952)</u>	<u>(1,289,208)</u>	<u>(1,167,001)</u>

The cumulative amount of these adjustments reported as net assets in the consolidated statements of financial position at September 30th, 2012 and 2011 include:

Unrecognized net loss/(gain) from past experience different from that assumed and effects of changes in assumptions	42,795,831	31,903,948	(289,506)	(526,034)
Unrecognized prior service cost	330,949	471,588	-	-
Accrued benefit costs recognized in the statements of financial position	<u>\$ (5,776,363)</u>	<u>\$ (8,800,416)</u>	<u>\$ (1,578,714)</u>	<u>\$ (1,693,035)</u>
Components of net periodic benefit costs				
Service cost	\$ 1,555,388	\$ 1,941,270	\$ -	\$ -
Interest cost	6,610,881	6,505,871	59,302	59,018
Expected return on plan assets	(6,465,227)	(6,850,835)	-	-
Amortization of net loss/(gain)	2,154,266	2,581,545	(49,599)	(55,084)
Net amortization and deferral	140,639	124,961	-	-
Benefit cost	<u>\$ 3,995,947</u>	<u>\$ 4,302,812</u>	<u>\$ 9,703</u>	<u>\$ 3,934</u>

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The weighted average assumptions used to determine the net benefit cost at the beginning of the year are as follows:

	2012	2011
Discount rate	5.34 %	5.07 %
Average rate of compensation increases	3.50 %	4.25 %
Expected return on assets	7.50 %	8.50 %

The weighted average assumptions used to determine the benefit obligation at the end of the year are as follows:

	2012	2011
Discount rate	3.95 %	5.34 %
Average rate of compensation increases	2.50 %	3.50 %

The Plan's asset allocations as of September 30, 2012 and 2011 are as follows:

Asset Category	2012	2011
Cash	5 %	5 %
Bonds	29	30
Hedge funds	29	31
Marketable equities	37	34
Total	100 %	100 %

The expected rate of return on assets is calculated based on past experience.

Expected benefits to be paid under the Plans are as follows:

Fiscal Years Beginning October 1,	Expected Benefits
2012	\$ 6,507,731
2013	6,713,876
2014	6,982,706
2015	7,173,109
2016	7,566,083
Expected aggregate for 5 fiscal years beginning 2017	41,508,308

Annual contributions are determined by the Hospital based upon calculations prepared by the Plan's actuary. Expected contributions to the Pension and Retiree Health Plan for 2013 are approximately:

Pension	\$ 4,800,000
Retiree health	125,931

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The weighted-average annual assumed rate of increase in the per capita cost of covered benefits (i.e., health care cost trend rate) for participants is assumed to be 9.0% in 2011 reducing to 5.0% by the year 2016 and remaining at that level thereafter. This health care cost trend rate assumption has a significant effect on the amounts reported. To illustrate, a one percentage point increase in the assumed health care cost trend rate would increase the accumulated post-retirement benefit obligation and service cost plus interest cost by approximately \$97,000 and \$84,000, respectively, at September 30, 2012 and 2011. A one percentage point decrease in the assumed health care cost trend rate would decrease the accumulated postretirement benefit obligation and service cost plus interest cost by approximately \$88,000 and \$77,000, respectively, at September 30, 2012 and 2011.

Plan Assets

The defined benefit plan assets are valued utilizing the same fair value hierarchy as the Hospital's investments as described in Note 1.

The following table summarizes the fair values of investments by major type held by the staff pension plan at September 30, 2012:

	Level 1	Level 2	Level 3	2012
Investments, at fair value				
Cash	\$ 4,711,241	\$ -	\$ -	\$ 4,711,241
Bonds	28,278,732	-	-	28,278,732
Hedge funds	-	-	28,795,536	28,795,536
Marketable equities	32,342,939	4,169,861	-	36,512,800
Total investments, at fair value	<u>\$ 65,332,912</u>	<u>\$ 4,169,861</u>	<u>\$ 28,795,536</u>	<u>\$ 98,298,309</u>

The following table summarizes the fair values of investments by major type held by the staff pension health plan at September 30, 2011:

	Level 1	Level 2	Level 3	2011
Investments, at fair value				
Cash	\$ 3,847,979	\$ -	\$ -	\$ 3,847,979
Bonds	25,779,769	-	-	25,779,769
Hedge funds	-	-	26,524,387	26,524,387
Marketable equities	26,050,106	3,285,344	-	29,335,450
Total investments, at fair value	<u>\$ 55,677,854</u>	<u>\$ 3,285,344</u>	<u>\$ 26,524,387</u>	<u>\$ 85,487,585</u>

There were no transfers between levels comparing last to this year for assets that are in the portfolio.

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The table below represents the change in fair value measurements for Level 3 investments held by the staff pension plans' years ended September 30, 2012 and 2011, respectively:

	2012	2011
Beginning balances	\$ 26,524,387	\$ 24,333,144
Realized gains	144,819	25,446
Fees	(54,861)	(57,862)
Unrealized gains	2,181,191	223,659
Purchases	5,475,369	2,000,000
Sales	(5,475,369)	-
Ending balances	<u>\$ 28,795,536</u>	<u>\$ 26,524,387</u>

The investment objective for the pension and post retirement plans seeks a positive long-term total return after inflation to meet the Hospital's current and future plan obligations.

Asset allocations for both plans combine tested theory and informed market judgment to balance investment risks with the need for high returns.

The Hospital's 401(k) plan covers eligible employees who elect to participate in the Plan. Eligible employees may contribute a percentage of their salary to the Plan. The Hospital matches 100% of the first 4% of gross pay deferred by employees for those employees who do not participate in the defined benefit plan. Plan contributions charged to operations were approximately \$3,911,714 and \$3,677,042 for 2012 and 2011, respectively.

9. Functional Expenses

The Hospital provides general health care services to residents within its geographic location including pediatric care, cardiac catheterization, and outpatient surgery. Expenses by function are as follows:

	2012	2011
Health care services	\$ 249,658,098	\$ 246,193,019
General and administrative	78,382,764	77,940,078
	<u>\$ 328,040,862</u>	<u>\$ 324,133,097</u>

10. Contingencies

The Hospital is a party to various lawsuits incidental to its business. Management believes that the lawsuits will not have a material adverse effect on the Hospital's financial position, results of operations, changes in net assets or cash flows.

Lawrence & Memorial Hospital
Consolidating Balance Sheet
September 30, 2012

	Lawrence & Memorial Hospital	Associated Specialists of Connecticut	Eliminating Entities	Consolidated
Assets				
Current assets				
Cash and cash equivalents	\$ 13,568,654	\$ 140,845	\$ -	\$ 13,709,499
Investments	138,433,638	-	-	138,433,638
Patient accounts receivable, net	28,719,548	227,045	-	28,946,593
Other receivables	17,392,589	96,141	-	17,488,730
Inventories	4,469,470	-	-	4,469,470
Due from affiliates	808,442	-	(168,643)	639,799
Prepaid expenses and other current assets	2,004,576	-	-	2,004,576
Debt service fund	1,307,110	-	-	1,307,110
Total current assets	206,704,027	464,031	(168,643)	206,999,415
Assets limited as to use				
Cash	180,789	-	-	180,789
Construction funds	-	-	-	-
Investments held in trust	971,261	-	-	971,261
Endowment investments	16,251,376	-	-	16,251,376
Funds held in trust by others	6,451,420	-	-	6,451,420
Contributions receivable	20,366	-	-	20,366
Funds held in escrow by agreement with State of Connecticut Health and Educational Facilities Authority and trustees	2,247,125	-	-	2,247,125
Total assets limited as to use	26,122,337	-	-	26,122,337
Other assets				
Deferred financing costs	1,857,504	-	-	1,857,504
Property, plant and equipment	134,926,548	-	-	134,926,548
Total assets	\$ 369,610,416	\$ 464,031	\$ (168,643)	\$ 369,905,804

Lawrence & Memorial Hospital
Consolidating Balance Sheet
September 30, 2012

	Lawrence & Memorial Hospital	Associated Specialists of Connecticut	Eliminating Entities	Consolidated
Liabilities				
Current liabilities				
Accounts payable	\$ 25,447,380	-	-	\$ 25,447,380
Accrued vacation and sick pay	11,282,391	1,001,539	-	12,283,930
Salaries, wages, payroll taxes and amounts withheld from employees	3,600,791	287,097	-	3,887,888
Due to affiliates	2,421,244	168,643	(168,643)	2,421,244
Due to third party payors	5,409,556	-	-	5,409,556
Current portion of long-term debt	2,762,007	-	-	2,762,007
Total current liabilities	50,923,369	1,457,279	(168,643)	52,212,005
Accrued pension and other postretirement benefits	51,185,800	-	-	51,185,800
Other liabilities	17,998,408	-	-	17,998,408
Long-term debt, less current portion	79,507,217	-	-	79,507,217
Total liabilities	199,614,794	1,457,279	(168,643)	200,903,430
Net assets				
Unrestricted	144,038,576	(993,248)	-	143,045,328
Temporarily restricted	20,092,239	-	-	20,092,239
Permanently restricted	5,864,807	-	-	5,864,807
Total net assets	169,995,622	(993,248)	-	169,002,374
	\$ 369,610,416	\$ 464,031	\$ (168,643)	\$ 369,905,804

Lawrence & Memorial Hospital
Consolidating Balance Sheet
September 30, 2011

	Lawrence & Memorial Hospital	Associated Specialists of Connecticut	Eliminating Entities	Consolidated
Assets				
Current assets				
Cash and cash equivalents	\$ 39,933,225	\$ 1,864,103	\$ -	\$ 41,797,328
Investments	105,904,042	-	-	105,904,042
Patient accounts receivable, net	29,920,862	562,469	-	30,483,331
Other receivables	3,881,712	116,746	-	3,998,458
Inventories	4,528,017	-	-	4,528,017
Due from affiliates	2,441,664	-	(1,863,503)	578,161
Prepaid expenses and other current assets	1,739,804	-	-	1,739,804
Debt service fund	1,109,892	-	-	1,109,892
Total current assets	189,459,218	2,543,318	(1,863,503)	190,139,033
Assets limited as to use				
Cash	179,900	-	-	179,900
Construction funds	8,427,695	-	-	8,427,695
Investments held in trust	11,241,951	-	-	11,241,951
Endowment investments	14,398,888	-	-	14,398,888
Funds held in trust by others	5,607,933	-	-	5,607,933
Contributions receivable	20,328	-	-	20,328
Funds held in escrow by agreement with State of Connecticut Health and Educational Facilities Authority and trustees	2,247,370	-	-	2,247,370
Total assets limited as to use	42,124,065	-	-	42,124,065
Other assets				
Deferred financing costs	1,938,833	-	-	1,938,833
Property, plant and equipment	120,976,861	-	-	120,976,861
Total assets	\$ 354,498,977	\$ 2,543,318	\$ (1,863,503)	\$ 355,178,792

Lawrence & Memorial Hospital
Consolidating Balance Sheet
September 30, 2011

	Lawrence & Memorial Hospital	Associated Specialists of Connecticut	Eliminating Entities	Consolidated
Liabilities				
Current liabilities				
Accounts payable	\$ 22,689,860	\$ 253	\$ -	\$ 22,690,113
Salaries, wages, payroll taxes and amounts withheld from employees	10,661,313	1,044,498	-	11,705,811
Due to third party payors	2,751,697	374,201	-	3,125,898
Due to affiliates	1,913,991	1,863,503	(1,863,503)	1,913,991
Due to third party payors	7,838,088	-	-	7,838,088
Current portion of long-term debt	2,976,493	-	-	2,976,493
Total current liabilities	48,831,442	3,282,455	(1,863,503)	50,250,394
Accrued pension and other postretirement benefits	43,423,221	-	-	43,423,221
Other liabilities	14,213,720	-	-	14,213,720
Long-term debt, less current portion	82,249,920	-	-	82,249,920
Total liabilities	188,718,303	3,282,455	(1,863,503)	190,137,255
Net assets				
Unrestricted	142,478,037	(739,137)	-	141,738,900
Temporarily restricted	17,792,779	-	-	17,792,779
Permanently restricted	5,509,858	-	-	5,509,858
Total net assets	165,780,674	(739,137)	-	165,041,537
	\$ 354,498,977	\$ 2,543,318	\$ (1,863,503)	\$ 355,178,792

Lawrence & Memorial Hospital
Consolidating Statement of Operations
September 30, 2012

	Lawrence & Memorial Hospital	Associated Specialists of Connecticut	Eliminating Entities	Consolidated
Net revenues	\$ 323,643,197	\$ 5,635,182	\$ -	\$ 329,278,379
Other operating revenues	15,433,709	463,708	(4,619,500)	11,277,917
Net assets released from restriction	449,575	-	-	449,575
	<u>339,526,481</u>	<u>6,098,890</u>	<u>(4,619,500)</u>	<u>341,005,871</u>
Operating expenses				
Salaries and wages	145,714,028	7,343,347	(144,638)	152,912,737
Employee benefits	41,915,487	1,443,717	(1,236,367)	42,122,837
Supplies	46,209,962	38,536	-	46,248,498
Purchased services	23,582,645	3,652,113	(2,611,015)	24,623,743
Other	27,700,394	1,804,233	(627,480)	28,877,147
Interest	2,315,992	-	-	2,315,992
Depreciation and amortization	18,825,589	-	-	18,825,589
Bad debts	11,930,619	183,700	-	12,114,319
	<u>318,194,716</u>	<u>14,465,646</u>	<u>(4,619,500)</u>	<u>328,040,862</u>
	<u>21,331,765</u>	<u>(8,366,756)</u>	<u>-</u>	<u>12,965,009</u>
Income from operations				
Nonoperating gains and losses				
Unrestricted income	160,370	-	-	160,370
Income/(loss) from investments	4,424,194	-	-	4,424,194
Loss on refinancing of debt	-	-	-	-
	<u>4,584,564</u>	<u>-</u>	<u>-</u>	<u>4,584,564</u>
Excess of revenues over expenses	25,916,329	(8,366,756)	-	17,549,573
Transfer to affiliate	(25,044,177)	8,112,643	-	(16,931,534)
Net unrealized (losses)/gains on investments	11,303,455	-	-	11,303,455
Net assets released from restriction used for the purchase of property, plant and equipment	136,178	-	-	136,178
Minimum pension liability adjustment	(10,751,244)	-	-	(10,751,244)
Decrease in unrestricted net assets	\$ 1,560,541	\$ (254,113)	\$ -	\$ 1,306,428

Lawrence & Memorial Hospital
Consolidating Statement of Operations
September 30, 2011

	Lawrence & Memorial Hospital	Associated Specialists of Connecticut	Eliminating Entities	Consolidated
Net revenues	\$ 318,813,210	\$ 6,462,480	\$ -	\$ 325,275,690
Other operating revenues	15,662,907	33,290	(4,604,995)	11,091,202
Net assets released from restriction	394,829	-	-	394,829
	<u>334,870,946</u>	<u>6,495,770</u>	<u>(4,604,995)</u>	<u>336,761,721</u>
Operating expenses				
Salaries and wages	141,165,650	8,910,864	(123,102)	149,953,412
Employee benefits	41,723,413	1,535,471	(1,273,100)	41,985,784
Supplies	45,855,424	49,333	-	45,904,757
Purchased services	22,304,506	3,688,219	(2,518,051)	23,474,674
Other	28,005,159	1,731,832	(690,742)	29,046,249
Interest	2,212,181	-	-	2,212,181
Depreciation and amortization	17,199,566	-	-	17,199,566
Bad debts	13,865,210	491,264	-	14,356,474
	<u>312,331,109</u>	<u>16,406,983</u>	<u>(4,604,995)</u>	<u>324,133,097</u>
	22,539,837	(9,911,213)	-	12,628,624
Income from operations				
Nonoperating gains and losses				
Unrestricted income	171,387	-	-	171,387
Income/(loss) from investments	5,993,369	-	-	5,993,369
Loss on refinancing of debt	(2,026,984)	-	-	(2,026,984)
	<u>4,137,772</u>	<u>-</u>	<u>-</u>	<u>4,137,772</u>
Excess of revenues over expenses	26,677,609	(9,911,213)	-	16,766,396
Transfer to affiliate	(21,650,647)	8,980,572	-	(12,670,075)
Net unrealized (losses)/gains on investments	(6,282,024)	-	-	(6,282,024)
Net assets released from restriction used for the purchase of property, plant and equipment	176,082	-	-	176,082
Minimum pension liability adjustment	5,839,963	-	-	5,839,963
Decrease in unrestricted net assets	\$ 4,760,983	\$ (930,641)	\$ -	\$ 3,830,342